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FIRST ANNUAL REPORT
OF
CHICAGO TRANSIT BOARD



1945

FIRST ANNUAL REPORT
OF
CHICAGO TRANSIT BOARD

- - - - -

FOR THE FISCAL YEAR

ENDING

DECEMBER 31, 1945

- - - - -

Officers

Philip Harrington	Chairman
John Q. Adams	Vice-Chairman
Irvin L. Porter	Treasurer
William W. McKenna	Secretary

Members of Board

John Q. Adams
Philip W. Collins
George F. Getz, Jr.
Philip Harrington
Wm. W. McKenna
Irvin L. Porter
James R. Quinn

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OF

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"As soon after the end of each fiscal year as may be expedient, the Board shall cause to be prepared and printed a complete and detailed report and financial statement of its operations and of its assets and liabilities. A reasonably sufficient number of copies of such report shall be printed for distribution to persons interested, upon request, and a copy thereof shall be filed with the Governor, the county clerk of Cook County and the clerk of each municipality which has adopted this Act or which has granted rights to the Authority by ordinance. A copy of such report shall be addressed to and mailed to the Mayor and City Council or President and Board of Trustees of such municipality."

By order of the Board:

His Honor the
 Chairman.

April 23, 1946.

021591

THE UNITED STATES OF AMERICA

DO

OF THE DISTRICT OF COLUMBIA

VS

JOHN J. HARRIS

Defendant

JOHN J. HARRIS, Defendant

vs

JOHN J. HARRIS

JOHN J. HARRIS, Defendant

JOHN J. HARRIS, Defendant

JOHN J. HARRIS

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STEPS LEADING TO CREATION OF
CHICAGO TRANSIT AUTHORITY

Unification of local mass transportation facilities in Chicago has long been a settled policy. This has been concurred in by virtually every interest, whether public or private, that has borne any responsibility in providing local transportation for the City. There have been differences as to the means and timing in carrying out this objective although there has been agreement on the fundamental need.

A critical point in the history of Chicago traction was the expiration, in 1927, of the so-called 1907 settlement ordinances of the Chicago Surface Lines Companies. It became evident that the bonds, which were due in 1927, could not be refinanced without a workable ordinance giving the company an assured future and it was recognized by the public authorities that any such ordinance must provide for adequate transportation for the city as a whole.

Several attempts to achieve unification prior to 1927 failed, as did a latter attempt which centered around the 1930 ordinance. Meanwhile receivership proceedings were instituted against Chicago Railways Company in 1926 and against Chicago City Railway Company, Calumet and South Chicago Railway Company, The Southern Street Railway Company and The Chicago City and Connecting Railways Collateral Trust in 1930. Since the insti-

tution of those proceedings these properties have been under the jurisdiction of the Federal Court. The Chicago Rapid Transit Company was likewise placed in receivership in 1932 which receivership was superseded in 1937 by proceedings under the Bankruptcy Act.

After a period of negotiation covering several years, the City Council of the City of Chicago passed a unification ordinance on June 19, 1941 which was approved at a referendum by the people of Chicago at an election held June 1, 1942. This ordinance granted a terminable permit to a new company which company was to acquire the properties of Chicago Surface Lines and Chicago Rapid Transit Company and to operate with regulation under a local Transit Commission.

A reorganization plan providing for such unification and the issuing of new securities was approved by the Federal Court on June 23, 1942, and the proponents of this plan subsequently filed a petition with the Illinois Commerce Commission requesting authority for a new company to acquire the properties of the Chicago Surface Lines and Chicago Rapid Transit Company and to issue the securities provided for in the plan of reorganization. On May 3, 1943, the Illinois Commerce Commission entered an order stating that it could not approve the plan. The Commission outlined a number of defects in the plan, including the apparent inability of the proposed new company to finance the \$102,000,000 modernization program necessary to provide adequate, safe and modern transportation.

Thereupon the City of Chicago began to consider plans for public ownership. It appeared that the only assurance of a complete modernization program would be through such a development, particularly since financing of publicly-owned enterprises by means of revenue certificates had proved in recent years to be a sound and practical method of carrying on operations of this type. Suggestions along this line were submitted to the Federal Court and, by leave of Court, a complete proposal and plan for public ownership, under provisions of the Revised Cities and Villages Act, was filed in the Federal Court by the City on February 28, 1945. This proposal and plan provided for acquisition of Chicago Surface Lines and Chicago Rapid Transit Company by the City of Chicago.

Concurrent with these steps, the Surface Lines had been placed in bankruptcy on September 18, 1944 and another attempt was made to achieve unification and reorganization, under the Bankruptcy Act in accordance with plans submitted by the Trustees of Chicago Surface Lines and Chicago Rapid Transit Company on November 29, 1944. This plan likewise failed to meet the approval of the Illinois Commerce Commission and on June 11, 1945, the 1941 traction ordinance expired, as the City Council refused to extend further the time for the acceptance thereof. This left the City's plan for public ownership as the only plan before the Court.

It has been evident for some time that any plan for settlement of the traction problem would require close coopera-

tion between the City of Chicago and the State of Illinois, particularly since local transportation of the suburban communities is closely related to that of the City of Chicago. Governor Green and Mayor Kelly expressed a willingness to cooperate in this matter and as a result of their joint efforts the means for permanent solution has finally been effected.

Dwight H. Green, Governor of the State of Illinois, and Edward J. Kelly, Mayor of the City of Chicago, on February 17, 1945, after joint study and consideration of all phases of the existing desperate condition of the local transportation in the Chicago Metropolitan area, agreed to propose to the various legislative bodies a comprehensive and progressive transit plan to provide a practical vehicle for the purpose of bringing relief in the most expeditious manner to the riding public.

It was their suggestion that the creation of a Metropolitan Transit Authority be authorized by the Legislature of the State of Illinois, which Authority may acquire and operate all local transportation (except steam and electric interurban railroads) in Metropolitan Cook County. This territory includes Chicago and about 85 other municipalities.

Subsequent thereto the Metropolitan Transit Authority Act was passed by the General Assembly and was approved by Governor Green on April 12, 1945.

The Act provided that the Authority should not exercise any of the powers granted to it by the Act until it was adopted

by the electors of one or more cities, villages and incorporated towns within the Metropolitan area having a population in the aggregate of at least 100,000 according to the Federal census of 1940.

On June 4, 1945 the voters of the City of Chicago and also the voters of the Village of Elmwood Park at referendum elections approved the Metropolitan Transit Authority Act and the Act thereupon became operative.

On June 4, 1945, the voters of the City of Chicago also approved at the referendum election, an ordinance authorizing and granting to Chicago Transit Authority (for a period of fifty years and thereafter until terminated by an ordinance passed by the City Council and approved by the voters) the exclusive right to acquire, construct and reconstruct, maintain and operate facilities for local transportation within the City of Chicago. This ordinance had been passed by the City Council of the City of Chicago on April 23, 1945 and approved by the Mayor of the City of Chicago on April 30, 1945.

ORGANIZATION OF THE BOARD

The Act provides that the governing and administrative body of the Authority shall be a Board consisting of seven members to be known as Chicago Transit Board. It is provided that each member of the Board, after the initial appointment, shall be appointed for a term of seven years and that the initial term of one member will expire on September 1st of each of the years 1946 to 1952 inclusive.

The three members appointed by the Governor in accordance with the provisions of the Act, and approved by the Mayor of the City of Chicago, and the expiration of their terms are as follows:

John Q. Adams, for term expiring September 1, 1949

Philip W. Collins, for term expiring September 1, 1948

George F. Getz, Jr., for term expiring September 1, 1947

The four members appointed by the Mayor of the City of Chicago in accordance with the provisions of the Act, and approved by the Governor, and the date of the expiration of their terms are as follows:

Philip Harrington, for term expiring September 1, 1952

Wm. W. McKenna, for term expiring September 1, 1946

Irvin L. Porter, for term expiring September 1, 1951

James R. Quinn, for term expiring September 1, 1950

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At the first meeting of the Board, held June 28, 1945, Mr. Harrington was selected as Chairman of the Board. At that meeting Mr. McKenna was selected as Secretary and Mr. Porter was selected as Treasurer. Subsequently in accordance with the By-laws, Rules and Regulations and Rules of Order of Chicago Transit Authority, adopted on November 23, 1945, Mr. Adams was selected as Vice-Chairman.

The Board accepted on behalf of Chicago Transit Authority, for the time being, the offer of the Mayor of Chicago, which was approved by the City Council on June 21, 1945, authorizing the Authority to use such space, employees, supplies and facilities of the Department of Subways and Superhighways of the City of Chicago as may be necessary to assist Chicago Transit Authority in expediting its preliminary work of organizing and developing initial plans.

An accurate record has been kept of the proportionate rent, time, supplies and facilities of the City of Chicago used by the Authority and the cost thereof has been billed to the Authority. The Authority has, for the time being, established its principal office at Room 460, 20 North Wacker Drive, Chicago 6, Illinois.

The Board has retained Werner W. Schroeder as special counsel to direct its initial legal matters and has retained the law firm of Chapman and Cutler to act as bond counsel and as consultants in title matters.

In the transaction of its business, the Board has held thirteen meetings during the year. An accurate record of these meetings has been kept in the "Journal of the Proceedings of Chicago Transit Board" which is available for inspection at the office of the Authority.

1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that the study of the history of the United States is essential for a full understanding of the country and its people. The paper then discusses the various methods used by historians to study the past, including the use of primary and secondary sources, and the importance of critical thinking in the study of history.

TEST CASE TO AFFIRM THE LEGALITY OF THE ACT.

As it is the usual procedure in the case of new legislation of this kind, it was considered desirable to test, in the Courts of the State of Illinois, the legality of the Metropolitan Transit Authority Act.

As a first step the Board, on behalf of the Authority, on July 10, 1945, filed with the City Clerk of the City of Chicago its written acceptance of the ordinance passed by the City Council on April 23, 1945, which ordinance granted the Authority the exclusive right to acquire, construct, reconstruct, maintain and operate facilities for local transportation within the City of Chicago. At the same time the Board, on behalf of the Authority, consented to the assignment and transfer to it of the rights of the City of Chicago, as provided in the ordinance, of the City's Proposal and Plan of February 28, 1945, as amended, to acquire the properties of Chicago Surface Lines and Chicago Rapid Transit Company. The Board requested that suitable order or orders be entered by the court authorizing and directing that it be substituted in the proceedings in the place and stead of the City and in the Proposal and Plan with the right to consummate the purchase at the prices respectively, of Seventy-Five Million Dollars (\$75,000,000) for Surface Lines properties and Twelve Million One Hundred Sixty-two Thousand Five Hundred Dollars (\$12,162,500) for Rapid Transit Lines properties, all as described in and subject to all the terms, provisions and conditions contained in the Proposal and Plan, and subject to such reasonable modifica-

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tions thereof as may be made by said Court, and as may be acceptable to the Authority, and to take all steps required to be taken in connection therewith.

The Board likewise passed an ordinance entitled:

"AN ORDINANCE providing for the acquisition, operation maintenance and extension, or improvement by Chicago Transit Authority of a transportation system, for the issuance of revenue bonds in connection therewith and for the execution and delivery of a trust agreement."

This ordinance provided for the issuance of \$90,000,000 of revenue bonds, the proceeds of the sale of which were to be used for the purchase of the properties and for necessary working funds. A Trust Agreement was prepared in connection therewith and made a part of the ordinance.

The ordinance and Trust Agreement had been drafted by Chapman and Cutler, bond counsel for the Authority. Mr. Werner W. Schroeder, special counsel for the Authority, had reviewed the procedure and its constitutionality and its legal conformity with the legislation granting and establishing the Authority.

On July 12, 1945, the State's Attorney of Cook County in the name of the people of the State of Illinois, instituted two causes in the Circuit Court of Cook County. One was an action at law in quo warranto, questioning the franchise and powers of Chicago Transit Authority and the right of the members of Chicago Transit Board to hold their offices. The other was an information in chancery, seeking to enjoin Chicago Transit Authority from issuing bonds and from expending certain moneys appropriated by the City Council of the City of Chicago.

Motions to strike the informations were filed by the defendants in those proceedings.

On July 30, 1945, Judge Miner of the Circuit Court of Cook County, in an opinion, reviewed the legal points presented by the two informations filed by the people. All of the objections made by the people were overruled and a motion to strike the information in each case was sustained.

On August 2, 1945, the State's Attorney of Cook County filed notice of appeal of the Chicago Transit Authority cases to the Supreme Court of the State of Illinois.

Subsequent thereto briefs and arguments were filed with the Supreme Court of the State of Illinois by the State's Attorney of Cook County, and by counsel for Chicago Transit Authority and the City of Chicago. Oral argument in this case was heard before the Supreme Court in Springfield on September 21, 1945.

On November 21, 1945, the Supreme Court, in an unanimous opinion, upheld the legality of the Transit Authority Act and stated that it was the opinion of the Court that the Act was not subject to any of the constitutional objections raised and that the judgments and orders of the Circuit Court dismissing the information in quo warranto and the information in equity were right and they were affirmed.

This opinion confirmed the contention of the Authority that the Act created a Municipal Corporation and that the property of the Authority is exempt from taxation. It also affirms

the validity of the ordinance of the City of Chicago, passed to implement the purposes of the Transit Authority Act, and that the City Council had the power to grant exclusive rights to the Authority.

ACQUISITION OF LOCAL TRANSIT PROPERTIES

To aid in the realizing of a single unified transit system the City of Chicago, in its ordinance of April 23, 1945 to the Authority, assigned and transferred the rights of the City in the proceedings for reorganization in the Federal Court, of Chicago Surface Lines and Chicago Rapid Transit Company, in the City's proposal and plan to acquire the properties of Chicago Surface Lines at \$75,000,000 and the properties of Chicago Rapid Transit Company at \$12,162,500, subject to terms and provisions contained in the City's Plan of February 28, 1945, as amended.

Upon acceptance of the City's ordinance, the Board was obligated to do all in its power to achieve a single unified transit system. Subsequently the Court at the request of the Authority, on August 17, 1945, entered an order that the Authority be substituted in the place of the City of Chicago under the Proposal and Plan of the City.

An important element in these proceedings was the advisory report of Securities and Exchange Commission on the City's Proposal and Plan, which report was submitted to the Court on August 13, 1945. It was the conclusion of the Commission that the upset price proposed for the properties of Chicago Rapid Transit Company was fair provided the Trustees were permitted to retain net earnings up to the date of the transfer of the property, and that the upset price proposed for Chicago Surface Lines would be fair if the City waived its claims to the Escrowed Com-

pensation Fund and if the Trustees were permitted to retain net earnings up to the date of the transfer of the properties. The Commission also suggested that, in the distribution of the proceeds of the sale and of any retained assets, the policy of strict priority should be followed in making allocations to the various groups of Surface Lines Security holders.

Representatives of groups of Surface Lines security holders then met with Chicago Transit Board and agreed to assist in drafting modifications of the City's Proposal and Plan to make it conform with the recommendations of the Securities and Exchange Commission. The Federal Court agreed to consider such modified Proposal and Plan and the amended Proposal and Plan of the Authority for purchase of Surface Lines was filed in the Federal Court on October 8, 1945. This plan was approved, adopted and joined in and recommended to their depositors by the Committees representing every class of securities of Surface Lines that was in the opinion of the Commission, entitled to share in the distribution under the plan.

An amended proposal and plan of the Authority for purchase of the Rapid Transit Lines was filed in the Federal Court on October 15, 1945. This plan was approved, adopted, joined in and recommended by the owners of \$2,609,000 of Rapid Transit first mortgage bonds, and was joined in, and recommended for approval by the Court, by Chicago Rapid Transit bondholders committee.

In order to expedite a settlement, the City Council of the City of Chicago, by unanimous vote on October 25, 1945, followed the recommendations of the Committee on Local Transportation

tion and passed ordinances waiving all of the City's claims against Chicago Surface Lines, including its claims to the Escrowed Compensation Fund, and likewise waiving all of the City's claims against Chicago Rapid Transit Company, provided that Chicago Transit Authority's Proposal and Plan for purchase of the properties was made effective. This was in accordance with the provisions of the Plan, which provides for similar waivers for claims against the City by the Trustees and Receivers of the companies involved.

Extensive hearings were made necessary by reason of the objections of Chicago Railways Consolidated Mortgage Series B Bondholders and objections of minority stockholders of the Chicago City Railway Company. The latter group subsequently agreed to withdraw its objections in consideration of certain participation in the proceeds of sale. On December 13, 1945 the Authority's Plan was amended accordingly. The taking of testimony was completed in the Federal Court on December 28, 1945 and, at the close of the hearing, the Court set down January 14, 1946 as the date on which attorneys for the interested parties could present oral arguments to guide the Court in making a ruling on this matter.*

*Final oral arguments in these matters were heard before the Federal Court in the period from January 14, 1946 to January 18, 1946, inclusive. On February 1, 1946, counsel, at the request of the Court, filed suggested findings of fact, conclusions of law and orders. The Securities and Exchange Commission on February 8, 1946 filed a supplemental report and stated that in its opinion the Authority's plan was fair except for the amendment providing for a payment to holders of Chicago City Railway Company minority stock. The Court subsequently agreed with this exception. The Court on February 15, 1946, in opinions on the Authority's plans found them to be fair, equitable and feasible and on February 27, 1946 entered orders requiring the Trustees to submit the plan affecting them to their respective security holders. The security holders may express their approval or disapproval on or before May 1, 1946.

1. The first part of the paper is devoted to the study of the

properties of the function $f(x)$ defined by

the equation $f(x) = \int_0^x f(t) dt$ for $x \in [0, 1]$.

2. In the second part, we consider the problem of the

existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

for $x, y \in [0, 1]$ and $x(0) = y(0) = 0$.

3. Finally, we study the

problem of the

existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

for $x, y \in [0, 1]$ and

$x(0) = y(0) = 0$ and $x(1) = y(1) = 0$.

4. In the last part, we consider the problem of the

existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

for $x, y \in [0, 1]$ and

$x(0) = y(0) = 0$ and $x(1) = y(1) = 0$.

5. Finally, we study the

problem of the existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

for $x, y \in [0, 1]$ and $x(0) = y(0) = 0$ and $x(1) = y(1) = 0$.

6. In the last part, we consider the problem of the

existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

for $x, y \in [0, 1]$ and $x(0) = y(0) = 0$ and $x(1) = y(1) = 0$.

7. Finally, we study the

problem of the existence of solutions of the system of equations

$$\begin{cases} x' = y \\ y' = -x \end{cases}$$

Chicago Motor Coach Company is not in receivership, therefore the acquisition of that property is a matter for private negotiation. The Authority, however, acquired rights on all streets over which the lines of that company now operate, under the city's ordinance of April 23, 1945 and under the "Park Acts" passed by the General Assembly of the State of Illinois which were approved by Governor Green on July 24, 1945. The "Park Acts" were amendments to the Chicago Park District Act giving Chicago Transit Authority the right to operate buses on boulevards and driveways of the Park District. Compensation payments may be agreed upon by the Authority and the Park District.

On November 23, 1945, Chicago Transit Board authorized the Chairman to appoint a Committee to negotiate with Chicago Motor Coach Company for the purchase of that property. This Committee promptly entered into active negotiations with representatives of the Company. The Committee was assisted in its work by W.C. Gilman and Company, whose employment has been authorized by the Board to study and report on the Motor Coach property and to advise the Committee. Active negotiations with the Motor Coach representatives continued up to the close of the year.

Representatives of several suburban municipalities appeared during the year before the Board for an informal discussion concerning local transportation in their communities. Means of serving such communities is now under consideration by the Board.

FINANCIAL REPORT

The General Assembly of the State of Illinois appropriated (Senate Bill No. 491) the sum of \$100,000 to aid the Authority in its organization and administration and in planning the acquisition, construction and operation of facilities for public service. This appropriation was contingent upon the appropriation of a like amount by municipalities in the Metropolitan area.

The "Revised Cities and Villages Act" was amended so that municipalities could make appropriations up to \$100,000 for this purpose in 1945, notwithstanding that the annual appropriation ordinance had previously been passed. The City of Chicago then, on June 26, 1945, appropriated \$100,000 for this purpose.

These appropriations have been helpful in organizing the Authority and in financing the necessary legal steps and engineering studies incident to acquisition of operating properties.

The Board has established a fiscal year for the 12 months ending December 31st of each year. The first fiscal year was from the date of organization (June 28, 1945) to December 31, 1945. For information, there is appended to this report a statement of Receipts and Disbursements for the fiscal year ending December 31, 1945. A balance sheet is also appended showing assets and liabilities of the Board.

The Board had not, up to the close of the year, acquired any operating properties or engaged in any transportation operation. Accordingly it has accrued no obligations to pay compensation (for the use of streets, alleys, public ways, public ground and subways) to the City of Chicago for this fiscal year, as provided for under the terms of Section 18 of the Ordinance Grant of the City to the Authority.



LOOKING FORWARD TO 1946

At the end of 1945, in addition to the program already underway for acquisition of the operating properties of the Chicago Surface Lines and of Chicago Rapid Transit Lines, the Board also had in progress negotiations for acquisition of the operations and properties of the Chicago Motor Coach Company. These negotiations will be actively continued during 1946.

The Chicago Transit Board construes the Metropolitan Transit Authority Act approved April 12, 1945, as a mandate to acquire, construct, own, operate and maintain for public service, at the earliest practical date, a unified transit system in the metropolitan area of Cook County; in fact, the General Assembly in adopting the Transit Act made a specific finding that public utilities now owning and operating principal local transportation facilities in the metropolitan area of Cook County have been unable to finance the renewals, extensions and improvements immediately necessary for adequate public service and that rehabilitation and modernization of such transportation facilities is possible through public ownership.

To comply with this expressed directive, the Chicago Transit Board is proceeding with a policy designed to provide at the earliest possible date a unified and modernized local transportation system for the entire metropolitan area of Cook County. To attain this objective, the Board is pursuing, for the time being, a policy of attempting to negotiate purchase

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from the present owners, of such of their local transportation properties now in operation as may be useful to the Authority, rather than to invoke the Board's powers of condemnation or to engage in separate operation.*

The Board believes that the basic ground work necessary to the establishment of a comprehensive metropolitan transit system has been firmly laid during the year 1945 and that it can look forward with hope to tangible and visible progress during the coming year.

The members of the Board desire to express their appreciation to the authorities of the City of Chicago for their cooperation with the Board during this formative period and particularly to Messrs. Boesen, Knox, Grossman and Sexton of the City's staff for their intelligent and helpful assistance. It also desires to acknowledge the masterful handling of its legal matters by Special Counsel Werner W. Schroeder, and the legal advice furnished by Chapman & Cutler in problems involving bond procedures and title matters.

*Negotiations with the owners of South Suburban Safeway Lines, Inc. were instituted on February 19, 1946, and with the owners of Bluebird Coach Lines, Inc. and Suburban Transit Company on March 29, 1946. Studies are also being made looking to the institution of negotiations with the owners of other suburban properties in the near future.

CHICAGO TRANSIT AUTHORITY
ORGANIZATION AND ADMINISTRATION
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FROM JUNE 28, 1945, TO
DECEMBER 31, 1945, INCLUSIVE

RECEIPTS:

From the City of Chicago	\$38,000.00	
From the State of Illinois	32,958.30	
Reserve for Accounts Payable	<u>13,782.51</u>	\$84,740.81

DISBURSEMENTS:

Salaries and Wages	\$53,028.48	
Reserved for Payroll 12-16		
12-31-1945, inclusive	4,166.66	57,195.14
Legal Service and Legal Expense		9,016.50
Office Supplies and Postage		297.50
Printing, including Legal Printing		916.13
Expense Accounts (Travel Expense)		42.44
Insurance and Bond Premiums		25.00
Reserve for Accounts Payable-		
City of Chicago		<u>9,615.85</u>
		<u>77,108.56</u>
<u>Cash in Bank</u>		<u>\$ 7,632.25</u>



LIABILITIES

ORGANIZATION AND

<u>CASH IN BANK:</u>	ssed by the City	
Balance December	d by the Mayor on	
Less Amount With	cago Journal of	
Less Amount With		\$100,000.00

<u>ACCOUNTS RECEIVABLE</u>	Senate Bill	
From City of Chicago	Assembly on	
From State of Illinois	rnor on June	
		100,000.00

usive	\$4,166.66	
s	8,715.85	
	<u>900.00</u>	<u>13,782.51</u>
		<u>\$213,782.51</u>

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CHICAGO TRANSIT AUTHORITY
BALANCE SHEET
FOR THE PERIOD FROM JUNE 28, 1945, TO DECEMBER 31, 1945, INCLUSIVE

<u>ASSETS</u>			<u>LIABILITIES</u>
<u>ORGANIZATION AND ADMINISTRATION</u>		\$ 77,108.56	<u>GOVERNMENTAL GRANTS:</u>
<u>CASH IN BANK:</u>			Appropriation by the City of Chicago passed by the City Council June 26, 1945, (JCP 3716), signed by the Mayor on June 26, 1945, and published in the Chicago Journal of Commerce on June 29, 1945
Balance December 31, 1945	\$ 9,017.77		
Less Amount Withheld for Employee's Income Taxes	823.02		
Less Amount Withheld for Employee's Bond Purchases	<u>562.50</u>	7,632.25	\$100,000.00
<u>ACCOUNTS RECEIVABLE:</u>			Appropriation by the State of Illinois. Senate Bill No. 491, passed by the Illinois General Assembly on June 28, 1945, and approved by the Governor on June 30, 1945
From City of Chicago	62,000.00		
From State of Illinois	<u>67,041.70</u>	129,041.70	100,000.00
			<u>ACCOUNTS PAYABLE:</u>
			Payroll for period 12-16 to 12-31, inclusive
			City of Chicago: (See Note "A")
			Department of Subways and Superhighways
			Committee on Local Transportation
			\$4,166.66
			8,715.85
			<u>900.00</u>
			<u>13,782.51</u>
			<u>\$213,782.51</u>
		<u>\$213,782.51</u>	

Note "A" on June 21, 1945, (JCP 3643) The City Council of the City of Chicago authorized Chicago Transit Authority to use such space, employees, supplies and facilities of the Department of Subways and Superhighways as may be necessary, and that the cost thereof be billed to Chicago Transit Authority. Also on November 8, 1945, (JCP 4351) the City Council authorized the employment of a Consulting Engineer as advisor to the Committee on Local Transportation and Chicago Transit Authority, the cost thereof to be divided equally.

CHRONOLOGY
CHICAGO TRANSIT AUTHORITY

- February 17, 1945 - Governor Dwight H. Green and Mayor Edward J. Kelly proposed formation of Chicago Transit Authority.
- February 27, 1945 - City Council of City of Chicago unanimously approved proposal for formation of Chicago Transit Authority.
- February 28, 1945 - City of Chicago filed in Federal District Court its formal proposal for public ownership of Chicago Surface Lines and Chicago Rapid Transit Lines.
- April 12, 1945 - Metropolitan Transit Authority Act signed by Governor Green and became effective.
- April 30, 1945 - Ordinance granting Transit Authority a fifty year exclusive franchise within the City of Chicago signed by Mayor Kelly.
- June 4, 1945 - Metropolitan Transit Authority Act adopted by voters of City of Chicago and Village of Elmwood Park and the City of Chicago ordinance granting franchise to Transit Authority approved at referendum election.
- June 6, 1945 - Illinois Commerce Commission found Public Ownership Plan to be in the public interest and most likely to bring about needed improvements.
- June 20, 1945 - Appointment of Transit Board Members Adams, Collins, and Getz confirmed by State Senate.
- June 21, 1945 - Appointment of Transit Board Members Harrington, Porter and Quinn confirmed by Chicago City Council.
- June 26, 1945 - Appointment of Transit Board Member McKenna confirmed by Chicago City Council.

June 28, 1945

- First meeting of Chicago Transit Board. The Board organized for the transaction of business, and selected Philip Harrington as Chairman for a term of three years, and William W. McKenna as temporary secretary.

Thereupon, the Board appointed William W. McKenna as Secretary, and Irvin L. Porter as Treasurer, both to hold office during the pleasure of the Board; adopted an official seal; and established its principal office at Room 460, 20 North Wacker Drive, Chicago 6, Illinois.

July 10, 1945

- Chicago Transit Board officially accepted the City of Chicago franchise ordinance.

The Board adopted an ordinance providing for issuance of \$90,000,000 of its revenue bonds for acquisition of transit properties of Chicago Surface Lines and Chicago Rapid Transit Lines.

July 12, 1945

- State's Attorney of Cook County instituted proceedings in Circuit Court of Cook County questioning the powers of Chicago Transit Authority and the validity of the City of Chicago Franchise Ordinance and seeking to enjoin the Authority from issuing bonds.

July 24, 1945

- Governor Green approved "Park Acts" giving the Authority operating rights in Chicago Park District.

July 30, 1945

- Honorable Julius H. Miner, Judge of the Circuit Court of Cook County overruled the objections raised by the State's Attorney and the injunctions and the writ of quo warranto were refused.

August 13, 1945

- Securities and Exchange Commission submitted its advisory report to the Federal District Court on the Public Ownership Plans for purchase of Chicago Surface Lines and Rapid Transit System and found them to be fair, except that Chicago Surface Lines should be permitted to retain the City Compensation Fund and net earnings up to date of transfer of the properties.

- August 17, 1945 - Honorable Michael L. Igoe, Judge of the Federal District Court entered an order that Chicago Transit Authority be substituted in the place of the City of Chicago under the Proposal and Plan of the City dated February 28, 1945.

- October 8, 1945 - Amended Proposal and Plan of Chicago Transit Authority for purchase of Chicago Surface Lines, which complies with the recommendations of Securities and Exchange Commission, filed in the Federal District Court.

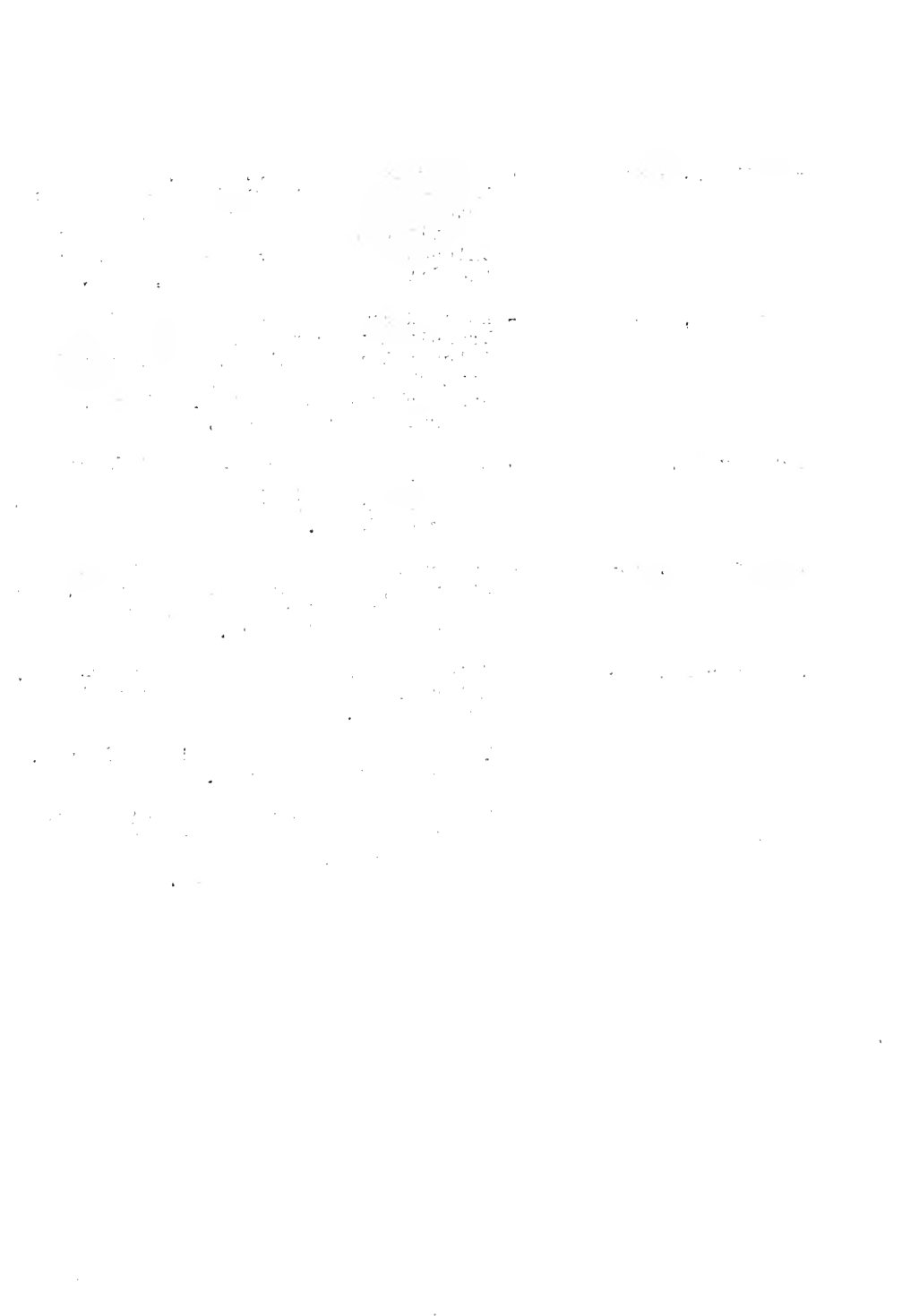
- October 15, 1945 - Amended Proposal and Plan of Chicago Transit Authority for purchase of Rapid Transit Lines filed in the Federal District Court.

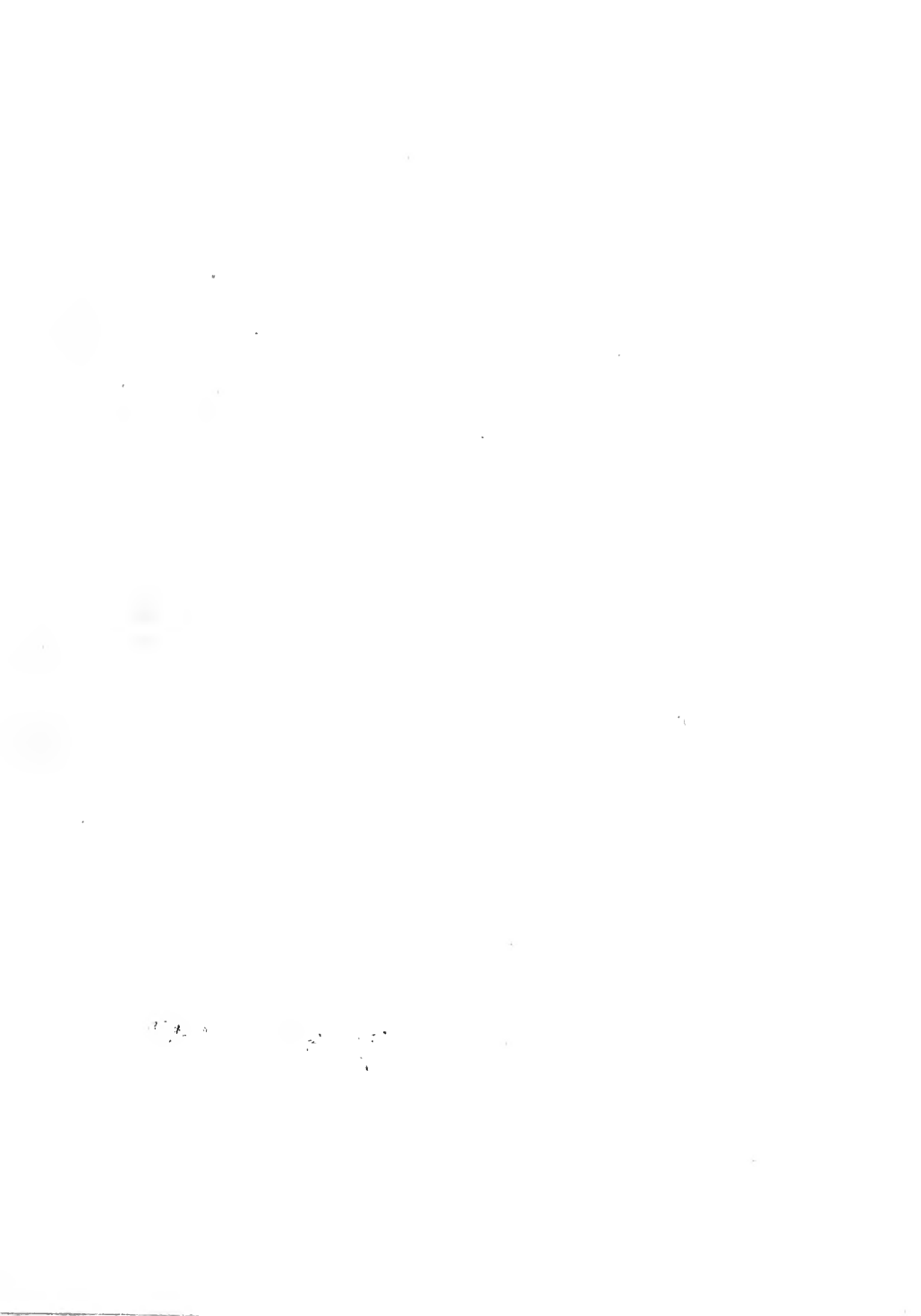
- November 21, 1945 - The Supreme Court of the State of Illinois, in an unanimous opinion, upheld the legality of the Metropolitan Transit Authority Act.

- November 23, 1945 - Chicago Transit Board adopted By-laws, Rules and Regulations to govern its proceedings.

Thereupon the Board appointed John Q. Adams as Vice-Chairman.

The Board authorized the Chairman to appoint a special committee to negotiate with Chicago Motor Coach Company for the purchase of that property.





Chicago transit authority

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SECOND ANNUAL REPORT
OF
CHICAGO TRANSIT BOARD



1946

SECOND ANNUAL REPORT

OF

CHICAGO TRANSIT BOARD

- - -

FOR THE FISCAL YEAR

ENDING

DECEMBER 31, 1946

- - -

Officers

Philip Harrington,
Chairman
John Q. Adams,
Vice Chairman
Irvin L. Porter,
Treasurer
William W. McKenna
Secretary

Members of Board

John Q. Adams
Philip W. Collins
George F. Getz, Jr.
Philip Harrington
William W. McKenna
Irvin L. Porter
James R. Quinn

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CHICAGO TRANSIT AUTHORITY

- - -

SECOND ANNUAL REPORT

OF

CHICAGO TRANSIT BOARD

FOR

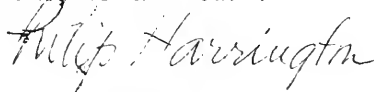
FISCAL YEAR BEGINNING JANUARY 1, 1946 AND

ENDING DECEMBER 31, 1946.

- - -

This report is prepared in accordance with the provisions of Section 35 of the Metropolitan Transit Authority Act which requires that the Board shall cause to be prepared and printed a complete and detailed report and financial statement of its operations and of its assets and liabilities, as soon after the end of each fiscal year as may be expedient. Copies of this report are available for distribution to persons interested. A copy shall be filed with the Governor, with the county clerk of Cook County and the clerk of each municipality which has adopted the Act or which has granted rights to the Authority by ordinance. A copy of this report shall be addressed to the Mayor and City Council or President and Board of Trustees of each municipality in the Metropolitan Area.

By order of the Board:



Chairman

Principal office
Room 1940
20 N. Wacker Drive
Chicago 6, Illinois
April 8, 1947

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HISTORICAL RECORD OF PROGRESS ACHIEVED DURING 1946

Chicago Transit Authority, a municipal corporation, was created by statute of the State of Illinois for the purpose of acquiring and operating as a unified comprehensive system, all local transportation facilities of those municipalities within the Chicago Metropolitan Area which may desire to become part of such a comprehensive system. It was given the powers necessary to accomplish this purpose and the responsibility of achieving the desired result.

The administrative body of Chicago Transit Authority, the Chicago Transit Board, was organized on June 28, 1945 and since that time has consistently and continuously devoted its efforts toward these ends.

The progress made during the fiscal year 1945 was reported in detail in the First Annual Report of the Chicago Transit Board. Briefly, during the six months of its existence in 1945 the Transit Board negotiated and accepted from the City of Chicago a 50-year exclusive franchise ordinance which was approved by the voters of Chicago; it defended successfully in the State Supreme Court the validity of the Metropolitan Transit Authority Act and the powers thereby conferred upon it; it accepted from the City of Chicago an assignment of the City's Plans on file in the United States

District Court for public acquisition of the transportation properties of Chicago Surface Lines and Chicago Rapid Transit Lines; it prepared and filed in that Court Amended Proposals and Plans for acquisition of those properties; it prepared and through counsel, presented and supported in the Federal Court voluminous exhibits and testimony in support of the Authority's Plans. At the end of 1945, hearings on the Authority's Plans had been concluded subject to final oral arguments set for January 1946.

During 1946 the Authority's Plans looking to acquisition of Chicago Surface Lines and Chicago Rapid Transit Lines have advanced to the point where they have been approved by the United States District Court, by the United States Securities and Exchange Commission, and by the security holders entitled to participate; appeals from the Order of Confirmation in the Chicago Surface Lines case were heard and rejected by the United States Circuit Court of Appeals; and negotiations for the financing by the Authority necessary to the acquisition of these properties have been carried forward. The steps accomplished in the Surface Lines and Rapid Transit cases are outlined in more detail in the body of this report.

During 1946 the Board also initiated negotiations

looking to the acquisition of South Suburban Safeway Lines, Inc., Bluebird Coach Lines, Suburban Transit Company and Chicago Motor Coach Company. The Board and its staff also have worked closely with the Trustees and staffs of Chicago Surface Lines and Chicago Rapid Transit Company in pressing modernization and extension of those operations without waiting for the conclusion of the Transit Authority's Plans for public operation.

At the end of 1946, the members of the Transit Board believe that they have advanced its plans for acquisition, unification and modernization of local transit services within the City of Chicago to the stage where concrete results can be hoped for in 1947. The owners of the smaller operating companies, with whom negotiations have been had, have been reluctant to conclude agreements for sale to the Authority until they are reasonably assured that the efforts of the Authority to acquire the larger properties will be successful. Once this major acquisition is consummated, it is confidently believed that the expansion and modernization of the system as a comprehensive unified operation will proceed rapidly.

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LOOKING AHEAD

The members of the Chicago Transit Board believe they have achieved, during 1946, definite progress toward the directive expressed by the General Assembly in the Metropolitan Transit Authority Act viz: to acquire, rehabilitate, reconstruct and modernize and maintain transit facilities suitable and adapted to the needs of the municipalities served by the Authority.

This progress is most apparent in the advance made toward early acquisition, unification and modernization of Chicago Surface Lines and the Rapid Transit Lines. It is confidently hoped that in the pending litigation, definite dates for the sales of these properties can be fixed for some time early in 1947, with actual transfer to the Authority scheduled for about the middle of that year. Anticipating this desired result, the Transit Board and its staff has carefully and thoroughly studied the physical and financial requirements for new equipment and for increased and improved service on these systems, and the ability of manufacturers to progressively supply these needs.

New Equipment and Physical Improvements

On the assumption that the Authority will take over in 1947, and taking as a base the improvements already furnished in 1946 by Chicago Surface Lines and those contemplated by them and by Chicago Rapid Transit Company in 1947, the Chicago Transit Board has tentatively projected a long-range program with an overall capital expenditure of over \$150,000,000 looking to complete modernization and substantial expansion of both these services. Under this program, these properties would be operated as one unified and coordinated system, with universal transfer privileges.

While the entire results of the study of these improvements cannot conveniently be reproduced in detail in this report, the following tabulation summarizes the scope of the 10-year improvement program, which is scheduled for completion in 1955.

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS
AND ARCHITECTURE
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FAX: 773-936-5001
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PROGRAM
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FAX: 773-936-5001
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WWW.HA.UCHICAGO.EDU

CHICAGO TRANSIT AUTHORITY
GENERAL SCOPE OF THE \$152,000,000 IMPROVEMENT
PROGRAM SCHEDULED FOR COMPLETION BY 1955

These improvements relate to the initial system comprising Chicago Surface Lines and Chicago Rapid Transit System, operated as a unified system, and the extension thereof. There is provided for the purchase of:-

2725 buses which will replace the operation of streetcars on 700 miles of track with modern bus service, establish 150 miles of express bus service, 220 round trip miles of extensions, and the replacement of the older buses now in operation. This equipment is estimated to cost - - - - - \$39,500,300

800 new streetcars which will modernize the service on the 310 miles of track on which very heavy lines are operated and which will be retained as streetcar operation for an undetermined period. This equipment is estimated to cost - - - - - \$18,949,000

New Garages, car houses and shops, and modernizing existing housing facilities to adequately service the new equipment and provide more efficient operations. These facilities are estimated to cost - - - - - \$15,000,000

Other improvements to surface transit facilities including the Authority's obligation for payments for repaving of bus route streets, estimated to cost - - - - - \$ 4,175,000

1000 modern type rapid transit cars which will replace all of the wooden and combination wood-steel elevated cars. This equipment is estimated to cost - - - - - \$50,000,000

A modern signal system on the elevated lines which will assure safe spacing of trains on all parts of the system, is estimated to cost - - - \$10,800,000

Rehabilitation of the elevated structure, painting and remodeling of stations, curve elimination, and rebuilding of stations to facilitate transfer from Surface Lines to Elevated-Subway services, estimated to cost - - - - - \$ 7,400,000

Shops to efficiently maintain the new elevated-subway cars and other improvements on the rapid transit system, estimated to cost - - - - - \$ 6,550,000

Total estimated cost of 10 yr. program - - - - \$152,374,300

As other properties are acquired such as Chicago Motor Coach Company or suburban lines, this program will be expanded to provide essential improvements on those routes.

MEMORANDUM FOR THE RECORD
SUBJECT: [Illegible]

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This program embraces not only new rolling stock on both surface and elevated-subway lines but also new garages, car houses, shops and tools, rehabilitation of track, electric distribution systems, stations and structures, a modern signal system and much curve elimination on all rapid transit routes and cooperation with the city in repaving streets and improving the location of elevated columns. It contemplates the institution of express bus services for those areas of the city which need but do not now have available rapid transit service. The Authority also proposes to integrate its plans with the City's program for a new West Side Subway and for two east-west underground streets through the Central Business District. The Authority also proposes to establish and maintain a sound policy of continuing replacement of worn-out and obsolete equipment.

Service Improvements

The need for the physical modernization of the Chicago transit systems is obvious and has been carefully planned. The fitting of the service to the real needs of the riders is just as important and is receiving most careful consideration. As a first step, the Transit Board proposes to budget at least \$2,000,000 annually to be devoted to providing on existing routes, more equipment and more frequent service.

The riders, under Transit Authority operation, are pledged to pay the reasonable cost of good service. This cost includes the physical modernization and the gradual amortization of the purchase price. The riders of the system thereby become "OWNERiders". The OWNERiders under this form of public operation will and should take a more vital and personal interest in the actual operation of the service. The Transit Board plans to utilize proven techniques to encourage and resolve this interest into vital aids to the proper management of the system.

The transit management will want to determine the travel desires and needs of the riders. The modern equipment now arriving must be used to serve the people most effectively. Under unified operation, a redetermination must be made of the best routing for the greatest convenience of all; of the relationship between long-trip and short-trip riders, and how the service can be functionalized to fit their needs; of the relative merits of express and local services; and of the travel habits of riders to the various business and recreational centers of the city.

Two methods of working with the OWNERiders will be particularly encouraged. A continuous program to establish a close contact between management and the riders through civic meetings will be organized. This will permit top

management to discuss transit service directly with its users. The Transit Board will particularly encourage this type of management-rider relationship.

A second proven technique of cooperative study of service needs is through the "origin-destination" survey. The data obtained in such a survey will be valid for a relatively long period and will be found useful in many ways. It is proposed that origin-destination information be obtained by the distribution of questionnaire cards to passengers on all transit vehicles and a thorough study and analysis made of the information thus obtained. In other cities, where this information has been made available it has been an invaluable tool of management in its relation to riders and in determining the nature of the service to be given. It will thus be possible to reap most effectively the benefits of a modernized, publicly-owned transportation system.

The relief of traffic congestion which will follow modern attractive transportation and improved transit service generally, is obvious. A passenger in a private automobile requires ten times as much street space as a rider in a street-car or bus, while an elevated-subway rider requires almost no street space. Therefore, the sound approach to real relief from the traffic congestion which is now choking business centers, lies in offering an attractive, economical ride on a mass transit

vehicle. This will encourage the daily rider to voluntarily eliminate all unnecessary and expensive use of his private automobile.

Financing and Fares

A feasible plan for financing both the purchase of these existing properties and their modernization has been developed. It proposes the sale of revenue bonds secured solely by earnings, and by the right of the Authority to establish, from time to time, equitable rates of fare sufficient for the payment of operating expenses, gradual reduction of the purchase debt, and for the cost of this modernization program.

As a general policy with respect to fares, the members of the Transit Board believe that fares should be established on the basis of "a full penny's worth of service for every penny charged" and that the daily user of mass transit, such as workers, shoppers, and school children, who, in fact, support the system, should be accorded fare privileges commensurate with the volume of their patronage. Under such a policy, the daily rider (the OWNERider) would get first consideration, not only in matters of service, but also would be given consideration over the casual rider by the establishment of special fare privileges (whether it be by token, weekly tickets, or otherwise) whenever operating revenues make this possible.

The members of the Board believe that economies due to (1) unification, (2) lower interest rates, (3) exemption from local and Federal taxes and (4) elimination of the need to pay a return on invested capital or "reproduction value" will make it possible to finance both purchase and modernization at reasonable fares comparable with those being charged under similar conditions in other like cities. It is entirely probable that the modernization of these services, the additional riding and revenues which this modernization will attract, and the economies of speedy operation with new equipment, all will combine to eventually produce declining rates of fare.

Employee Relations

In acquiring any transportation system or systems, it will be the policy of the Board to transfer and appoint as employees of the Authority all of the employees then employed in the operating and maintenance divisions of such companies so acquired; to protect their seniority rights and pension, insurance, and retirement rights, including those who left such employ to enter the military service of the United States; to give recognition to military service in the hiring of new employees; to classify all positions of regular employment according to the duties and compensation fixed therefor; to adopt rules for appointments and promotions on the basis of merit and efficiency; and to assure no discrimination because of race,

creed, color, or political or religious affiliations.

Under private operation, the employee relations with the management of the existing companies have been uniformly satisfactory. The Board feels that it is fortunate that this tradition of loyal service has been firmly established. Under the Transit Authority Act, the Board may negotiate and enter into contracts concerning wages, salaries, hours, working conditions, and pension and retirement provisions with the accredited representatives of the respective labor organizations of the present employees. The policy of the Board will be to continue this practice, and to continue to establish levels of wages and working conditions in the various types of employment on its systems fully comparable with those paid on like transit operations in other cities. This ability of the Board to use accepted private industry methods in negotiating with its employees should assure a continued dignified and satisfactory relationship.

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In carrying forward the steps which are herein outlined, the Transit Board desires to acknowledge the effort, talent, and time devoted to its problems by Special Counsel Werner W. Schroeder, the legal advice and assistance furnished by Messrs. Cutler, Altfillisch and Chadwick of the firm of Chapman and Cutler in problems involving bond and sale procedures and in title matters,

and the cooperation of William H. Sexton, Traction Counsel for the City of Chicago, of Jacob I. Grossman, legal adviser to the Surface Lines Joint Board of Management and Operation, and of Counsel for the Trustees of the Companies, for the bondholders' protective committees, for the United States Securities and Exchange Commission and for the Federal Works Agency.

The members of the Board express their appreciation of the dispatch with which the U. S. District Court and the U.S. Circuit Court of Appeals have expedited the disposition of matters related to the problems which have come before them.

In expediting matters of administration, including the compilation and analysis of data and information, and the preparation of engineering and technical studies essential to the acquisition, modernization and financing programs, the Board expresses its appreciation of the cooperation of the Trustees and Staffs of the Surface Lines and Rapid Transit System, of the group of investment bankers headed by Harris, Hall & Co., Blyth & Co., and the First Boston Corporation, of the consulting engineering firm of W.C. Gilman & Co. and particularly of the skill and devotion to duty of its staff engineers, Peter J. Boesen and Merrill E. Knox, without whose intelligent and helpful assistance, it is doubtful if the Authority could have made the progress it has accomplished.

Appreciation is also expressed to the City of Chicago for its aid to the Authority by agreeing to the existing arrangement whereby the Authority shares the use of offices, facilities, etc., with the Department of Subways and Super-highways during this initial planning and acquisition stage.

ACQUISITION OF CHICAGO SURFACE LINES
AND CHICAGO RAPID TRANSIT SYSTEM

Of major importance to the permanent settlement of Chicago's local transportation problem was the continued effort of Chicago Transit Authority to advance the plans for acquisition of Chicago Surface Lines and Chicago Rapid Transit Lines. At the beginning of the year hearings on the matter in the United States District Court had been concluded.

Final oral arguments were heard in the period from January 14, 1946 to January 18, 1946 inclusive. On February 1, 1946, counsel for the Authority, at the request of the Court filed suggested findings of fact, conclusions of law and orders. These suggestions, in substance, were later adopted by the Court.

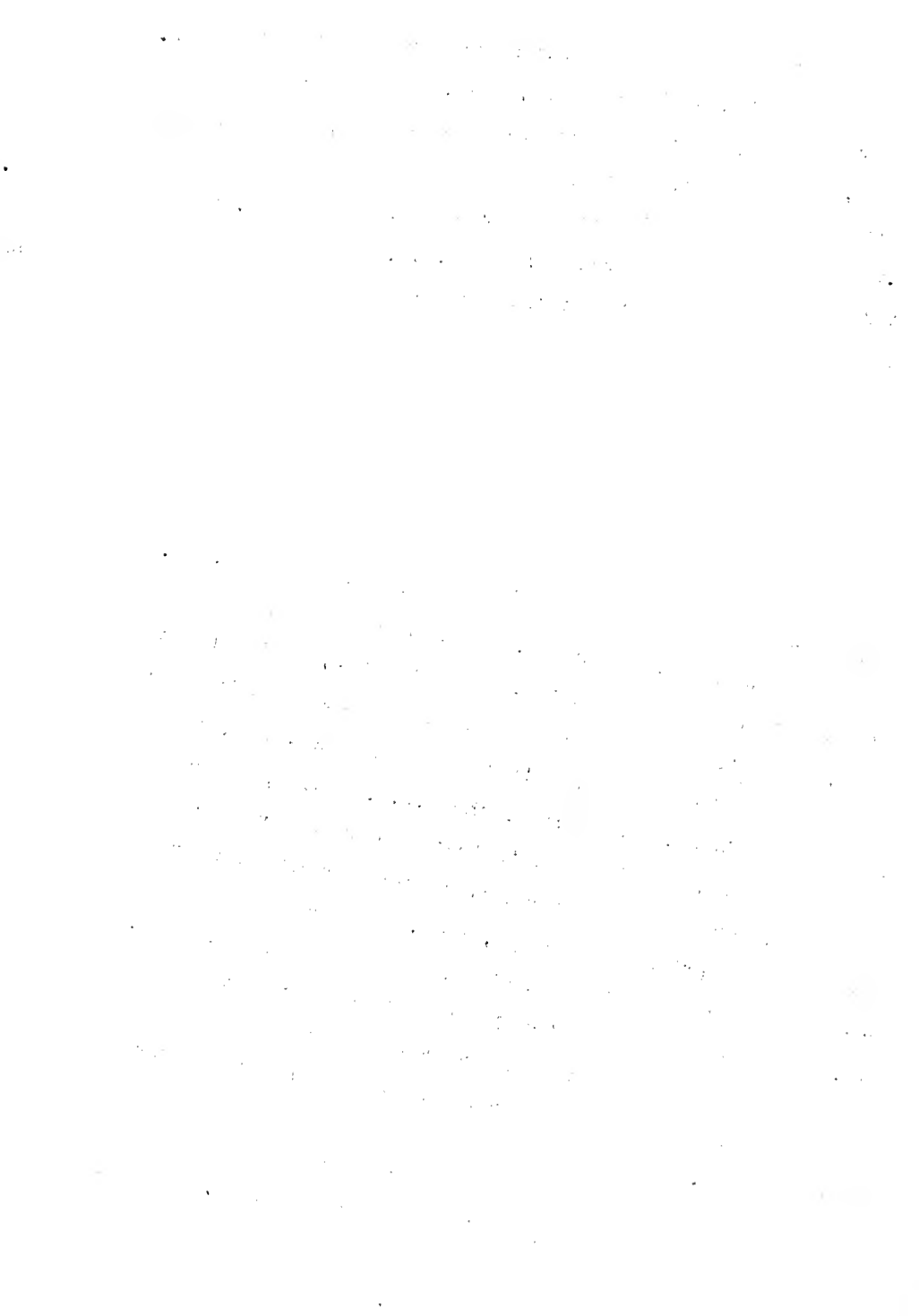
Because its original report had been attacked by the objectors to the Surface Lines Plan and because certain amendments were made by the Authority since the report was filed, the Securities and Exchange Commission filed a supplemental report. This report, dated February 8, 1946, stated that in the opinion of the Commission the Authority's Plan was fair and in accordance with the Commission's previous recommendations except for the amendment providing for a payment to holders of Chicago City Railway Company minority stock. This exception was on the grounds that the payment would violate the rule of strict priority. The Court agreed

with this exception and the amendment was dropped from the Plan.

The Court, on February 15, 1946, in a memorandum handed down its opinion that both Plans were fair, equitable and feasible, so as to warrant their submission to the security holders entitled to participate in the plans. The Plans, the opinion of the Court, a summary of the S.E.C. report, other related documents, and forms to indicate their approval or disapproval, were submitted for vote to the security holders by the Trustees prior to March 31, 1946. The Trustees of Chicago Surface Lines and of Chicago Rapid Transit Company, on May 15, 1946, reported to the District Court that the security holders had expressed their approval of the reorganization plans by assents ranging from 91 percent to 100 percent of the various classes voting.

On June 17, 1946, the Court entered an order confirming the Reorganization Plan of Chicago Surface Lines. No confirming order was entered during the year on the Reorganization Plan of Chicago Rapid Transit Company, pending further progress on the Surface Lines matter.

Counsel for Chicago Railways Consolidated Mortgage Series B bondholders and counsel for minority stockholders of Chicago City Railways Company appealed from the order of the District Court approving the Reorganization Plan of Chicago Surface Lines and from the subsequent order confirming the Plan. These two causes were consolidated for hearing in the



United States Circuit Court of Appeals. The Authority pressed for the earliest possible hearing of these matters, and the transcript of the record was filed in the Circuit Court of Appeals on July 10, 1946.

The filing of briefs of the appellants, comprising 315 pages of printed matter was completed by October 17, 1946. The briefs of the appellees were filed on November 11, 1946. The brief of the Authority, comprising 189 printed pages, covered all but two points which had been raised by the appellants and which were primarily the concern of the committees who had adopted and joined in the Plan. These points were answered by those committees in their 56-page brief and related to the position of the Purchase Money Bonds in relation to the "B" bonds and to the voting procedure. A 66-page brief was filed by the Securities and Exchange Commission, which supported the position of the Authority on the matter of valuation, on the right of the Authority to submit a plan supported by Creditors' Committees, and on the right to submit a plan involving the sale of all the properties. It supported the Authority on all basic points.

The cause was argued orally in the Circuit Court of Appeals on November 25, 1946. Arguments in opposition to the appeal were presented by counsel for three appellee groups, viz: the Authority, the Securities and Exchange Commission and the

bondholders committees which had adopted and joined in the Plan. The matter was then taken under advisement by the Court.*

While these court proceedings were in progress other important activities relating to the acquisition of Chicago Surface Lines and Chicago Rapid Transit Company were being carried forward. These included the examination and checking of real estate titles, and of the various leases and contracts of the companies; engineering studies by the staff to determine the most effective modernization program; and further analyses relating to unified operating problems, potential revenues, expenses and earnings, and financing the purchase of the properties and the proposed long-range improvement program. During 1946, W.C. Gilman and Company of New York, consulting transit engineers, began a survey of the properties and operations for the purpose of presenting to prospective investors in the revenue bonds of the Authority, an independent analysis and forecast of the potential ability of the properties to furnish adequate service and provide funds for comprehensive modernization on a strictly self-supporting basis.

*On January 4, 1947, the United States Circuit Court of Appeals, in ruling on the Surface Lines Reorganization Plan, affirmed the orders of the District Court in all respects.



NEGOTIATIONS FOR ACQUISITION OF MOTOR COACH AND SUBURBAN LINES

The Board has pursued the policy of attempting to negotiate purchase from the present owners of such existing local transportation properties as may be useful to the Authority as part of a comprehensive metropolitan transit system. To that end negotiations have been instituted not only with companies serving the city of Chicago but with the representatives of a number of the established systems operating between the suburban communities in the Metropolitan Area and the city of Chicago. No negotiations have been undertaken looking to the furnishing of local transit within any suburban municipality pending the granting by such communities to the Authority of the necessary franchises for such type of operation.

Negotiations for the purchase of Chicago Motor Coach Company were undertaken by a special committee appointed for this purpose on November 23, 1945 and considerable work was done on this matter during 1946. The Committee was assisted in its work by W.C. Gilman and Company who made a preliminary study and an advisory report on the Motor Coach property. Some progress was made, but the negotiators for that company indicated that they preferred to defer final consideration of a sale until further assured that the Authority will acquire the properties of Chicago Surface Lines and Chicago Rapid Transit Company.



On February 19, 1946, Chicago Transit Authority authorized the appointment of a committee to negotiate for the acquisition of South Suburban Safeway Lines, Inc. This committee was assisted in its negotiations by a preliminary study and report on that property made by W.C. Gilman and Company. While no agreement has been reached, numerous meetings of the Committee with representatives of the company indicate that it may be possible to reach an understanding on acquisition when the Surface-Rapid Transit matters have been further advanced.

A committee was also appointed by Chicago Transit Authority on March 29, 1946, to ascertain the possibility of acquisition of the properties of Blue Bird Coach Lines, Inc. and of Suburban Transit Company. Surveys and studies of these operations have been made and some negotiations had.

Chicago Transit Board on July 9, 1946 directed its staff to survey and analyze the operations of Chicago and West Town Railways, Inc. with a view to early opening of negotiations for acquisition of that property by the Authority. Considerable progress has been made on this study.

These committees, in addition to their negotiations, have made personal inspections of the properties so that they are fully informed as to the type of equipment and physical plant operated, the territory served and its relationship to transit service for the Metropolitan Area as a whole.

Related to these negotiations was a resolution adopted by Chicago Transit Board on October 7, 1946 outlining the policy of Chicago Transit Authority with respect to currently proposed extensions of service and new routes in municipalities of the Chicago Metropolitan Area. The Authority urged the managements of the various existing public utilities now furnishing local transit service within the Chicago Metropolitan Area to proceed, without waiting upon the outcome of negotiations with the Authority, and as rapidly as equipment and materials can be obtained, with needed and desirable extensions of routes, and with the immediate improvement and modernization of their facilities. The Authority pledged itself to make reasonable compensation for all such equipment expenditures in negotiating the price to be paid by it to the owners of such utilities when acquisition is consummated. In order to promote and expedite negotiations looking to public acquisition of transit properties, where public operation might be desired by the municipality, the resolution suggested to the officials of all municipalities within the Metropolitan Area and to the Illinois Commerce Commission that thereafter all franchise ordinances granting rights to transit companies be made cancelable by the municipality upon reasonably short notice.

The resolution of the Authority further suggested to the Illinois Commerce Commission that in cases where more than one privately-owned transit utility indicates its ability and

willingness to promptly furnish needed extensions of local transit service or to operate new routes, the operating right be granted to that utility which is most satisfactory and desirable to the municipality.

The resolution also requested the Illinois Commerce Commission to require, in a manner similar to that required of Chicago Transit Authority by the terms of the Metropolitan Transit Authority Act, that all privately-owned utility companies proposing to furnish local transit service within the Chicago Metropolitan Area be required to obtain a franchise ordinance or grant from the affected municipality, and that all certificates of convenience and necessity issued for that purpose by the Commission be conditioned upon this requirement.

The resolution (No. 72) with explanatory letters was sent to the Illinois Commerce Commission and to the corporate officials of each municipality in the Chicago Metropolitan Area on October 7, 1946.



IMMEDIATE IMPROVEMENTS IN CHICAGO TRANSIT SERVICE

On January 28, 1946, the Board requested Mr. Quinn to prepare a summary of all Chicago local transportation matters pending before the Illinois Commerce Commission or the City Council of the City of Chicago in which the Authority might be interested and to continue to keep the Board informed of such matters.

This was in keeping with that provision of the offer of the Authority to purchase Chicago Surface Lines and Chicago Rapid Transit Lines which provides that their Trustees shall proceed with immediate improvements in service and the purchase of new equipment and the Authority agreed therein to adjust the purchase prices to reflect all expenditures made by the Trustees for such new equipment and facilities. This was consistent with the stated policy of the Board adopted by resolution on August 14, 1945 and also consistent with the resolution of the City Council of September 8, 1944 which had been presented to the District Court.

Since that time Mr. Quinn has kept in close touch with the City Council's Committee on Local Transportation and, through the staff of the Board, with the management heads of the companies and has continued to press for expedition of this improvement program. A staff member of the Board has been present at the Illinois Commerce Commission whenever such matters were under consideration.

In the case of the Chicago Rapid Transit Lines, slow progress has been made on the eight car experimental electric train of modern type. This equipment is being manufactured by the Pullman Standard Car Manufacturing Company and the St. Louis Car Company. It will be of modern design and will constitute a preview of the 1000 new cars of that type which will be included in our program. Due to shortages caused by unsettled postwar economic conditions, the completion of these units has been delayed but delivery is expected by the middle of the year 1947.

Greater progress is being made by Chicago Surface Lines with regard to improvements. The immediate improvement program of that company provides for 465 gas buses, 210 trolley buses and 600 streetcars. Firm orders were placed with manufacturers for all of this equipment. More than one half of the gas buses were delivered during 1946 and the remainder of these buses are scheduled for delivery in 1947. On September 16, 1946, the first of the new type streetcars now being used in regular service on the Clark-Wentworth line was placed on public exhibition. Nearly 100 of these cars were delivered and placed in operation by the Surface Lines before the close of the year and most of the remainder are scheduled for delivery during 1947. Most of the trolley buses are scheduled for delivery in the second half of 1947 and the remainder should be delivered in the first half of 1948.

The Board has been concerned with the placing of new equipment in service at the earliest possible date so that the citizens of Chicago might receive prompt benefit from these improvements. During the summer a program was tentatively agreed upon with Chicago Surface Lines with respect to the routes on which the new buses being delivered during the second half of the year would be placed. This program was submitted to the Committee on Local Transportation of the City Council and, after hearings, an agreed list of the routes comprising 190 round trip miles of substitution for streetcar service and of extensions, was submitted to the Illinois Commerce Commission in a petition from the City of Chicago. The Chicago Surface Lines cooperated by waiving formal notice and publication and the petition was heard by the Commission on September 30, 1946. Virtually all of these routes were approved and are now in regular operation.

With this program assured, the staff of the Authority is cooperating with the Surface Lines and the City of Chicago in the study of an additional program of service improvements looking to the preparation of another agreed plan. This new program will allocate the equipment scheduled for early future delivery.

1. The first part of the report is a general
introduction to the subject of the study.
2. The second part is a description of the
methodology used in the study.
3. The third part is a description of the
results of the study.
4. The fourth part is a discussion of the
results of the study.
5. The fifth part is a conclusion of the
study.
6. The sixth part is a list of references.
7. The seventh part is an appendix.
8. The eighth part is a list of figures.
9. The ninth part is a list of tables.
10. The tenth part is a list of abbreviations.

PRESENT WAGES AND FARES

On March 13, 1946 the U.S. District Court, after approving an agreement for arbitration between the Chicago Surface Lines and Division 241 of the Amalgamated Association of Street Electric Railway and Motor Coach Employees of America on the matter of wages for operating employees, requested that all interested parties submit any suggestions they may have to offer. While the Authority had submitted a Plan of Reorganization which provided for its acquisition of the properties of Chicago Surface Lines, it considered it to be the spirit of the arbitration agreement that the request for wage increases should be considered on its merits and should not be influenced by any extraneous facts or comments. In order to avoid any possible unfairness to either party in the arbitration proceedings, the Board refrained from suggesting any definite plan or procedure at that time. The Board of Arbitration on April 19, 1946, recommended granting Chicago Surface Lines operating employees a wage increase of 18 cents an hour for 2-man car operators and 20 cents an hour for one-man car operators and bus drivers retroactive to March 17, 1946. This agreement was approved by the Federal Court on May 2, 1946.

Later in 1946, similar wage increases were agreed upon between the Trustee and the employees of Chicago Rapid Transit Company. The cost of operating materials and supplies

had also increased materially. At the end of 1946, consideration was being given to requests for increased pension allowances to the employees of these two companies.

The matter of increased fares for Chicago Rapid Transit Lines had been pending for sometime. An increase was denied by the Illinois Commerce Commission and by the Circuit Court of Cook County and the matter was subsequently appealed by the Trustees to the State Supreme Court. On March 20, 1946 the Supreme Court of the State of Illinois held that the then existing 10 cent fare of Chicago Rapid Transit was confiscatory and directed the Illinois Commerce Commission to fix a rate which would provide sufficient revenue to meet operating expenses. Chicago Rapid Transit Company on May 24, 1946 increased its fares for intra-company rides within the city from 10 cents to 12 cents and made increases in other fares such as inter-line rides, school tickets and suburban rides. This increase was made after Judge Finnegan of the Circuit Court of Cook County had entered an order in People ex rel Sprague v. Biggs in compliance with the mandamus writ issued against him by the Supreme Court. The Trustee of Chicago Rapid Transit Company filed schedules covering these increased rates with the Illinois Commerce Commission and these fares are still in effect while the matter is pending.

Because of increased cost of operation, the U.S.

1. The first part of the report is a general introduction to the project, which includes a brief history of the organization and a statement of its mission. This section also outlines the scope of the study and the objectives of the research.

2. The second part of the report is a detailed description of the methodology used in the study. This includes a discussion of the data sources, the sampling method, and the statistical techniques used to analyze the data.

3. The third part of the report is a presentation of the results of the study. This section includes a series of tables and graphs that show the distribution of the data and the results of the statistical analysis.

4. The fourth part of the report is a discussion of the findings of the study. This section includes a summary of the main results and a discussion of their implications for the organization and the field of study.

5. The fifth part of the report is a conclusion and a list of recommendations. This section includes a summary of the main findings and a list of suggestions for further research and for the implementation of the findings.

6. The sixth part of the report is a list of references, which includes a list of the books, articles, and other sources used in the study.

7. The seventh part of the report is an appendix, which includes a list of the data sources and a list of the statistical techniques used in the study.

8. The eighth part of the report is a list of figures, which includes a list of the tables and graphs used in the study.

9. The ninth part of the report is a list of tables, which includes a list of the data sources and a list of the statistical techniques used in the study.

10. The tenth part of the report is a list of graphs, which includes a list of the data sources and a list of the statistical techniques used in the study.

District Court on May 20, 1946 entered an order authorizing the Trustees of Chicago Surface Lines to request the Illinois Commerce Commission for increased fares. The Trustees on May 28, 1946 petitioned the Commission for a temporary increase in the 8 cent fare to 9 cents and asked for a permanent 10 cent rate. Hearings on the temporary increase began before the Commission on July 16, 1946 and were still pending at the close of the year.

The Authority has not actively participated in the fare hearings before the Illinois Commerce Commission but has had a staff member present at all times to keep the Board informed on the matter.

ORGANIZATION

The membership of Chicago Transit Board and its officers remained unchanged during the year. The initial term of Mr. William W. McKenna expired on September 1, 1946. Mr. McKenna was appointed for the term expiring September 1, 1953 by the Mayor of the City of Chicago with the approval of the City Council on September 5, 1946 and of the Governor of the State on October 14, 1946. The required certificate was filed with the Secretary of State on October 15, 1946. On November 19, 1946 the Transit Board reelected Mr. McKenna as Secretary.

Pursuant to its authority and policy of aiding the Authority in its organization and planning the acquisition of local transportation properties, the City of Chicago has continued in effect its offer to permit the Board to use such space, employees, supplies and facilities of the Department of Subways and Superhighways of the City of Chicago as are necessary in the conduct of its business. The proportionate cost of these facilities and services has been billed to the Authority in accordance with the City's offer. Since the moving of the office of the Department of Subways and Superhighways from the fourth floor to the nineteenth floor in December the principal office of the Authority has been at Room 1940, 20 North Wacker Drive, Chicago 6, Illinois.

Mr. Werner W. Schroeder has continued as special counsel to direct the Authority's general legal matters and to press the litigation in the plans for acquisition of Chicago Surface Lines and Chicago Rapid Transit Lines. The law firm of Chapman and Cutler has continued to act as bond counsel and was engaged in title matters relative to the proposed acquisition of the above mentioned properties.

In the transaction of its business, the Board held twelve regular monthly meetings as required by the Metropolitan Transit Authority Act. Three special meetings were held to meet certain circumstances. A record of these meetings has been kept in the "Journal of the Proceedings of Chicago Transit Board" which is available for public inspection during business hours at the principal office of the Authority. Special committees of the Board have functioned to direct many of the detailed studies arising from the negotiations for acquisition of properties, the steps involved in carrying out the plans for acquisition of Chicago Surface Lines and Chicago Rapid Transit Lines, and in efforts to secure immediate improvements in local transit service in Chicago.

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FINANCIAL REPORT

Since the Board has not received any revenue from operations, its expenditures for organization and administration and in planning the acquisition, construction and operation of facilities for public service have been financed from appropriations of the State of Illinois and the City of Chicago.

As previously reported the State of Illinois had appropriated the sum of \$100,000 for this purpose and a like appropriation of \$100,000 was made by the City of Chicago.

On November 19, 1946, the Board prepared and made public its tentative budget for the fiscal year 1947. This budget was formally adopted by the Transit Board at its regular meeting held in its principal office on December 10, 1946.

Included in this budget was an item of \$130,000* representing a contingent additional appropriation in aid from the City of Chicago. The request for this additional appropriation was transmitted on November 20, 1946 by the Chairman, together with an opinion by the Corporation Counsel of the City, dated November 14, 1946 sustaining its legality, to the Committee on Finance of the City of Chicago. This opinion also holds that the City may permit deferment of payment by the Authority

*The City adopted its appropriation bill for 1947 on January 15, 1947 including an appropriation from the Traction Fund of \$130,000 (Acct.No.366-S-10) to Chicago Transit Authority.

for bills rendered to it by the City until the proposal and plan of the Authority to purchase the local transportation properties of Chicago Surface and Rapid Transit Lines have been consummated.

A complete statement of receipts and disbursements for the fiscal year ending December 31, 1946 is appended to this report. A balance sheet is also submitted showing the assets and liabilities of the Board as of December 31, 1946.

Because it received no revenues from actual operation during the year, the Board accrued no obligations to pay compensation (for use of streets, alleys, public ways, public grounds and subways) to the City of Chicago, which compensation is provided for under the terms of Section 18 of the Ordinance Grant of the City to the Authority. This was so reported to the City Comptroller and City Treasurer in a report approved by the Board on March 11, 1947.

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CHICAGO TRANSIT AUTHORITY
 ORGANIZATION AND ADMINISTRATION
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD FROM JUNE 28, 1945, TO
 DECEMBER 31, 1946, INCLUSIVE.

RECEIPTS:

From the City of Chicago			
From the State of Illinois			
Total			\$191,747.99

-33-

DISBURSEMENTS:

Salaries and Wages	\$53,028.48	\$104,166.50	\$157,194.98
Legal Service and Legal Expense	9,016.50	10,564.35	19,580.85
Office Supplies and Postage	297.50	114.61	412.11
Printing Including Legal Printing	916.13	1,623.11	2,539.24
Expense Accounts (Travel Expense)	42.44	-0-	42.44
Insurance and bond Premiums	25.00	25.00	50.00
Total	\$63,326.05	\$116,493.57	\$179,819.62
		Cash in Bank	\$ 11,928.37

BILITIES

ORGANIZATION, ADMINISTRATION A

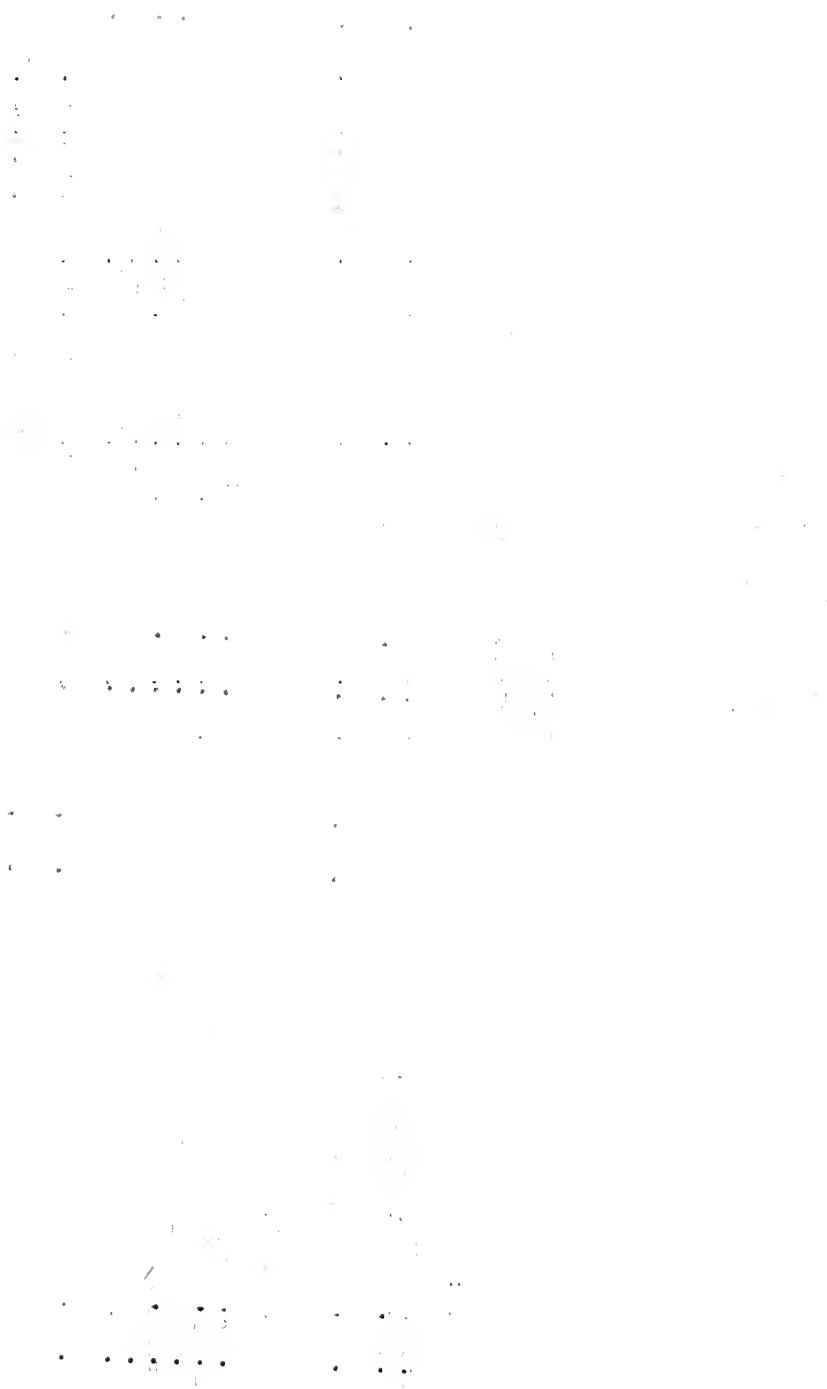
<u>CASH IN BANK:</u>	passed by the	
Balance December 31, 1946	), signed by	
Less Amount Withheld for Emp	ished in the	
29, 1945		\$100,000.00

<u>ACCOUNTS RECEIVABLE:</u>	is. Senate Bill	
From State of Illinois	ral Assembly on	
	overnor on June	100,000.00

ways	\$24,660.29	
	<u>8,596.66</u>	33,256.95
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\$242,274.45

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CHICAGO TRANSIT AUTHORITY
BALANCE SHEET
AS OF DECEMBER 31, 1946

ASSETS

ORGANIZATION, ADMINISTRATION AND PLANNING

\$222,094.07

CASH IN BANK:

Balance December 31, 1946

\$12,415.87

11,928.37

Less Amount Withheld for Employee's Bond Purchases

ACCOUNTS RECEIVABLE:

From State of Illinois

8,252.01

LIABILITIES

GOVERNMENT GRANTS:

Appropriation by the City of Chicago passed by the City Council June 26, 1945, (JCP 3716), signed by the Mayor on June 26, 1945, and published in the Chicago Journal of Commerce on June 29, 1945

\$100,000.00

Appropriation by the State of Illinois. Senate Bill No. 491, passed by the Illinois General Assembly on June 28, 1945, and approved by the Governor on June 30, 1945

100,000.00

ACCOUNTS PAYABLE:

City of Chicago: (See Note "A")

Department of Subways and Superhighways

\$24,660.29

Committee on Local Transportation

8,596.66

Legal Services

33,256.95

9,017.50

\$242,274.45

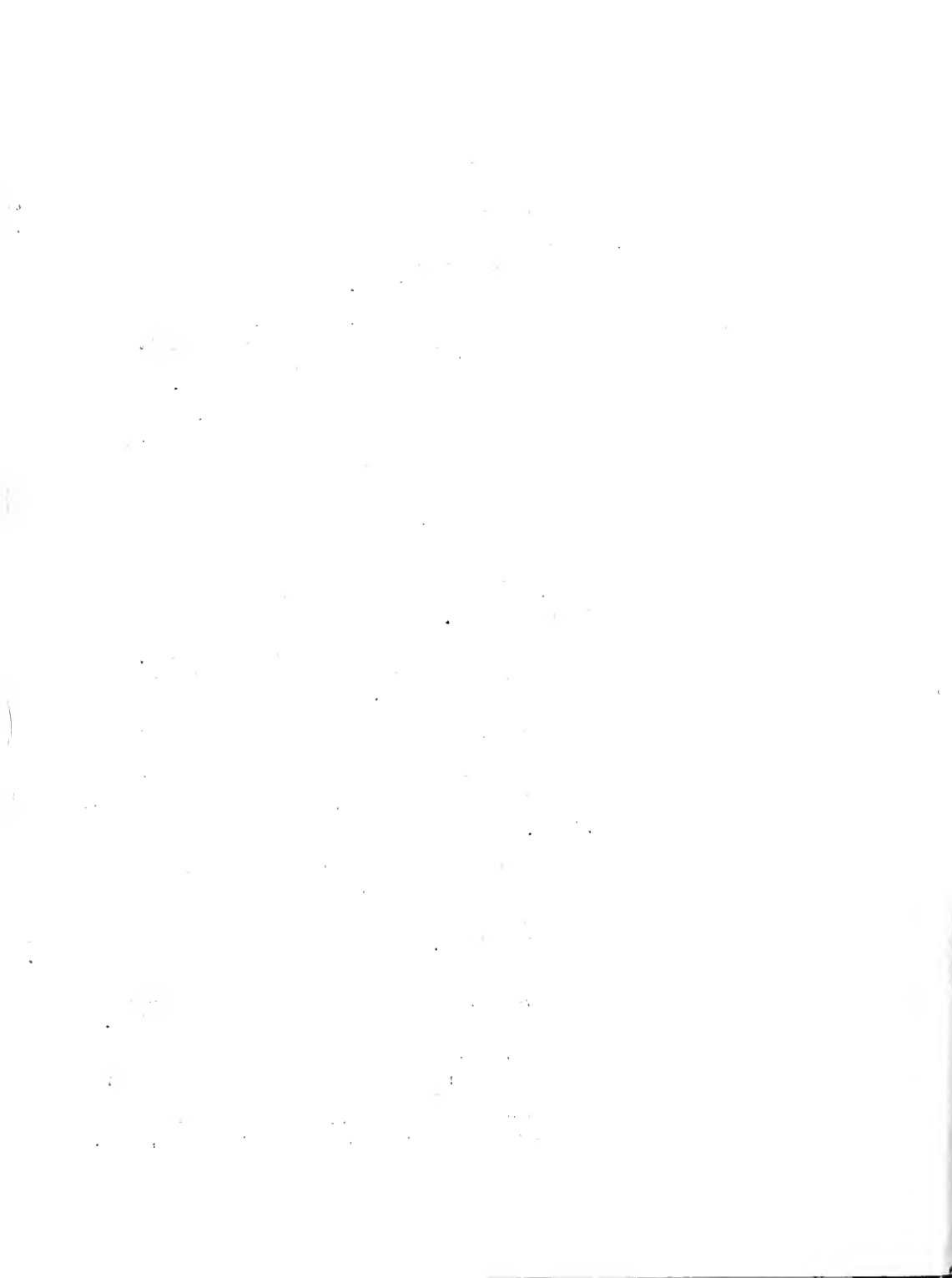
\$242,274.45

Note "A" - On June 21, 1945 (JCP 3643) the City Council of the City of Chicago authorized Chicago Transit Authority to use such space, employees, supplies and facilities of the Department of Subways and Superhighways as may be necessary, and that the cost thereof be billed to Chicago Transit Authority. Also on November 8, 1945, (JCP 4351) the City Council authorized the employment of a Consulting Engineer as advisor to the Committee on Local Transportation and Chicago Transit Authority, the cost thereof to be divided equally.

CHRONOLOGY

CHICAGO TRANSIT AUTHORITY

- April 12, 1945 - Metropolitan Transit Authority Act signed by the Governor of the State of Illinois and became effective.
- April 30, 1945 - Ordinance dated April 23, 1945 granting Transit Authority a fifty year exclusive franchise with the City of Chicago signed by the Mayor of the City of Chicago.
- June 4, 1945 - Metropolitan Transit Authority Act adopted by voters of City of Chicago and Village of Elmwood Park and the City of Chicago ordinance granting franchise to Transit Authority was approved at referendum election.
- June 6, 1945 - Illinois Commerce Commission found Public Ownership Plan to be in the public interest and most likely to bring about needed improvements.
- June 28, 1945 - First meeting of Chicago Transit Board. The Board was organized for the transaction of business.
- July 10, 1945 - Chicago Transit Board officially accepted the City of Chicago franchise ordinance and the assignment of the City's Plans on file in the United States District Court for acquisition of Surface and Rapid Transit Lines.
- The Board adopted an ordinance providing for issuance of \$90,000,000 of its revenue bonds for acquisition of transit properties of Chicago Surface Lines and Chicago Rapid Transit Lines.
- July 24, 1945 - The Governor of the State of Illinois approved "Park Acts" giving the Authority operating rights in Chicago Park District.
- August 17, 1945 - An order was entered in the United States District Court that Chicago Transit Authority be substituted in the place of the City of Chicago under the Proposals and Plans of the City of Chicago dated February 28, 1945.



THIRD ANNUAL REPORT 1947

JUN 8 1948



Chicago Transit Board

OF THE

CHICAGO TRANSIT AUTHORITY

CHICAGO TRANSIT AUTHORITY

THIRD ANNUAL REPORT OF CHICAGO TRANSIT BOARD

FOR THE FISCAL YEAR
ENDING
DECEMBER 31, 1947

Officers

Philip Harrington,
Chairman

Frank McNair,
Vice-Chairman

Irvin L. Porter,
Treasurer

William W. McKenna,
Secretary

Members of Board

Philip W. Collins

Philip Harrington

William W. McKenna

Frank McNair

Irvin L. Porter

James R. Quinn

Guy A. Richardson

Walter J. McCarter,
General Manager



CHICAGO TRANSIT AUTHORITY

THIRD ANNUAL REPORT

of

CHICAGO TRANSIT BOARD

for

FISCAL YEAR BEGINNING JANUARY 1, 1947 AND
ENDING DECEMBER 31, 1947.

This report is prepared in accordance with the provisions of Section 35 of the Metropolitan Transit Authority Act which states that:

"As soon after the end of each fiscal year as may be expedient, the Board shall cause to be prepared and printed a complete and detailed report and financial statement of its operations and of its assets and liabilities. A reasonably sufficient number of copies of such report shall be printed for distribution to persons interested, upon request, and a copy thereof shall be filed with the Governor, the county clerk of Cook County and the clerk of each municipality which has adopted this Act or which has granted rights to the Authority by ordinance. A copy of such report shall be addressed to and mailed to the Mayor and City Council or President and Board of Trustees of such municipality."

These provisions will be complied with. The report for this year is the first in which the Board has reported actual operations which began, as set forth herein, on October 1, 1947.

Principal Office:

Room A645

175 W. Jackson Boulevard

Chicago 90, Illinois

June 24, 1948.

By order of the Board:



Chairman

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ACQUISITION OF TRANSIT PROPERTIES

Purchase of the properties of Chicago Surface Lines and the Chicago Rapid Transit Company by Chicago Transit Authority was consummated on September 30, 1947 when purchase prices, subject to later adjustment as provided by the Plans of Reorganization Sale, of \$75,000,000 and \$12,162,500, respectively, were paid to the Trustees of the two systems. Bills of sale and property deeds were delivered to the Authority.

The transactions were carried out in accordance with the Proposals and Plans originally filed by the City of Chicago in the United States District Court, and dated February 28, 1945. Subsequently these Plans and Proposals were adopted and amended by Chicago Transit Authority.

Operation of the two properties as a unified system owned by Chicago Transit Authority began at 12:01 A.M., October 1, 1947.

Legal Steps

Purchase of the two properties was preceded by a series of legal steps, and by arrangements for the necessary financing. This report is limited to the major phases of these two activities which occurred during 1947. The Chronology appended to this report, however, summarizes the actions of Chicago Transit Authority subsequent to the approval of the Metropolitan Transit Authority Act by the Governor of Illinois on April 12, 1945.

At the beginning of the year, the United States Circuit Court of Appeals had under advisement an appeal from an order of the District Court approving the Reorganization Plan of Chicago Surface Lines, and also an appeal from a subsequent order confirming the Plan.

On January 4, 1947, the U. S. Circuit Court of Appeals affirmed the order of the District Court approving the Plan as well as the order confirming the Plan.

With the Surface Lines Plan upheld by the U. S. Court of Appeals, the District Court entered an order on February 26, confirming the Plan for Purchase of the property of Chicago Rapid Transit Company by Chicago Transit Authority. Subsequently, on March 7 in the case of the Surface Lines and on March 19 in the case of the Rapid Transit Lines, the District Court entered orders for public sale of these properties to be held on April 22, 1947.

Attempts to nullify the Plan still continued, however. On April 3, attorneys for certain Surface Lines "B" bondholders (Chicago Railways Co.) petitioned the Supreme Court of the United States for a writ of certiorari to review the U. S. Circuit Court of Appeals ruling of January 4. On motion of Chicago Transit Authority, the U. S. Supreme Court denied the petition for writ of certiorari on April 14.

Attorneys for the same group of bondholders then appealed the District Court's order of sale to the U. S. Circuit Court of Appeals, but this appeal was dismissed on April 21.

The next day, April 22, the two properties were offered for sale at public auction by Special Master-in-Chancery Walter A. Wade. Chicago Transit Authority was the sole bidder, offering what it subsequently paid for each of the properties, \$75,000,000 for the Surface Lines and \$12,162,500 for the Chicago Rapid Transit Company, subject to the conditions stated in the Plans.

Master-in-Chancery Wade awarded the sale to Chicago Transit Authority, conditioned upon the ability of Chicago Transit Authority to finance the purchases through the sale of its bonds. The award of sales was confirmed by the District Court on May 2.

Because of these legal delays, other preliminaries to purchase of the properties, such as delivery and sale of the bonds, had been postponed from time to time. On August 11, however, the District Court set September 30, as the date for closing the sale and 12:01 A.M., October 1, as the time for delivery of the properties to Chicago Transit Authority.

The transfer of ownership went through on schedule although a last minute attempt was made on September 29, to block it by filing of appeals to the U. S. Circuit Court of Appeals attacking the District Court's order which had denied an effort to amend the order of sale of the Surface Lines property. The appeal was promptly dismissed on September 30, by the U. S. Circuit Court of Appeals.

Certain details in connection with the various adjustments, however, still required final settlement. One of the most important is the amount to be paid by the Surface Lines to the Authority for the settlement of injury and damage claims which were assumed by the Authority in accordance with the Plan. Hearings on this question were held November 21 by the District Court and are still under advisement.

Financing

When Chicago Transit Authority came into existence, leading investment bankers expressed the belief that revenue bonds of the Authority could be sold to finance the purchase of the local transit properties, and to provide some of the funds required for transit modernization purposes. Among the firms were Harris, Hall and Company, (Incorporated), The First Boston Corporation and Blyth and Co., Inc., with whom more than 100 investment banking firms were associated.

No commitment was made by Chicago Transit Authority to this group. In fact, none could be made to any group because Chicago Transit Board was bound, by established policy as well as by law, to sell its bonds on the best terms obtainable. Nevertheless, recognition must be given to the fact that these bankers were very helpful in advising the Board on economic and technical problems involved in a financing of such magnitude as proposed by Chicago Transit Authority.

After the Authority filed its amended plans for public ownership of the properties, this investment group reiterated its intention of bidding for Chicago Transit Authority bonds, whenever the Authority, in compliance with the law, called for bids. Otis & Co. also advised the Authority that it had formed an account and was prepared to consider presenting a bid at the proper time. They, too, maintained a continuing interest in the proposed sale of the Authority's bonds.

Preparations for the sale of the Authority's revenue bonds were started soon after January 4, when the U. S. Circuit Court of Appeals affirmed the orders of the District Court approving and confirming the Surface Lines reorganization plan.

The Chairman of the Chicago Transit Board and other representatives of the Authority met in New York on February 4 and 5 with representatives

of Harris, Hall and Company, (Incorporated), the First Boston Corporation, and Blyth & Co., Inc. The investment bankers agreed to retain at their expense the firm of W. C. Gilman and Company, of New York, a recognized firm of consulting engineers, to prepare and submit a report on the transportation properties and business to be acquired by Chicago Transit Authority from Chicago Surface Lines and Chicago Rapid Transit Company under the Plans and Proposals on file in the District Court. This report was completed on July 10 and was available for public distribution shortly thereafter.

Mr. Walter J. McCarter, formerly General Manager of the Cleveland Transit System, was retained as a consultant to assist the Authority in its work of preparing for the sale of the bonds and later in preparations preliminary to taking over the transit properties.

Chicago Transit Authority, meanwhile, engaged Arthur Andersen & Co., independent public accountants, to examine the balance sheet of the Authority as of December 31, 1946 and review a pro forma balance sheet reflecting the issuance and sale of \$105,000,000 of Revenue Bonds, and the purchase of properties of Chicago Surface Lines and Chicago Rapid Transit Company. This firm also examined a combined statement of income for the transportation properties for the year ended December 31, 1946, and submitted a report thereon. This balance sheet and income statement were incorporated in the Authority's Official Statement offering the \$105,000,000, series of 1947, Revenue Bonds for sale.

Simultaneously with these activities, Chapman & Cutler, bond counsel retained by the Authority, were preparing a trust agreement. Helpful suggestions were received from the investment group planning to bid on the bonds, and from the trust departments of various Chicago banks.

On July 10, 1947, a draft of a bond ordinance, and an official statement and advertisement calling for bids August 5, on the sale of \$105,000,000 of Series of 1947 bonds of the Authority, were approved by Chicago Transit Board. Of these, \$40,000,000 are serial coupon bonds maturing July 1, 1953 to July 1, 1972, inclusive, and \$65,000,000 are sinking fund coupon bonds maturing July 1, 1978. To assist the Authority in the sale of the bonds, Harris, Hall & Company, (Incorporated), The First Boston Corporation and Blyth & Co., Inc., were appointed fiscal agents of the Authority. The First National Bank of Chicago was designated Trustee and Chicago paying agent. Later, on August 18, the Chemical Bank and Trust Company of New York City was appointed New York paying agent, and the Bank of America National Trust and Savings Association of San Francisco was appointed San Francisco paying agent.

At the bid opening on August 5, no bids were presented. The Chicago Transit Board acted immediately, however, to proceed with the sale of its bonds upon the best terms obtainable as provided by the Metropolitan Transit Authority Act. A bond sale agreement, negotiated with Harris, Hall & Company, (Incorporated), The First Boston Corporation and Blyth & Co., Inc., was promptly approved by the Board. Under the terms of this agreement, the investment bankers agreed to buy all of the bonds if subscriptions for 80 per cent of the \$105,000,000 issue were received by September 12.

On September 2 the banking group deposited a check with the Authority in the amount of \$2,100,000 as a good faith deposit and stated that all of the Series of 1947 bonds had been subscribed.

On September 30 the trust agreement was executed and the bonds were delivered by the Authority to the Trustee. The bonds were then authenticated and delivered by the Trustee to the purchasers at which time the purchasers completed the payment of \$105,000,000 for the bonds. This initial issue consists of temporary bonds with four semi-annual interest coupons attached, the last of which is payable July 1, 1949. Arrangements will be made in 1948 for printing the definitive bonds which will be exchanged for the temporary bonds.

ORGANIZATION AND MANAGEMENT

Chicago Transit Board

For the Chicago Transit Board, 1947 was a year of intense activity.

As for the administrative agency of Chicago Transit Authority, the Board not only established the policy governing negotiations and financing for the purchase of the Surface Lines and Rapid Transit properties; it conducted the lengthy and complicated negotiations, created the necessary organization for operating the properties as a unified system, and set up policies for the guidance of the operating management.

To facilitate the handling of these and other special problems, the board on November 13 created a number of special committees from its membership. Appointed by the Chairman, these committees were assigned to various phases of local transit activities and were charged with the continuing responsibility of recommending Board action whenever necessary.

Through this procedure, the Board maintained close contact with all phases of the Authority's operations, and was able to expedite decisions on all the problems which required Board action. At the year end, there were 22 of these special committees.

In the transaction of its business during the year, the Board held 28 meetings, all of which were open to the public. A record of these meetings was kept in the "Journal of the Proceedings of Chicago Transit Board," which is available for inspection by the public at the principal office of the Authority.

There were two new members appointed to the Board during the year. The vacancies were created by the resignation of Mr. John Q. Adams and Mr. George F. Getz, Jr., effective March 31 and July 22, respectively. Mr. Adams' letter of resignation stated that he felt that he could not devote sufficient time to the work of the Board because of his private business. For a considerable period of time prior to the presentation of his resignation, Mr. Getz had been ill and unable to participate in the activities of the Board. During this period, Mr. Getz declined to accept any pay for service as a member of the Board.

On May 9, Mr. Frank McNair, a Director and Chairman of the Directors' Trust Committee of the Harris Trust and Savings Bank of Chicago, was appointed to succeed Mr. Adams. The appointment was made by the Governor of the State of Illinois and was approved by the Mayor of Chicago. On May 27, Mr. McNair was elected vice-chairman of the Board. His term as member of the Board expires September 1, 1949.

On July 22, Mr. Guy A. Richardson, formerly President and Chairman

of the Board of Operation of Chicago Surface Lines was appointed to fill out the term of Mr. Getz, which was to expire on September 1. On that date, Mr. Richardson was appointed to serve a seven year term, ending September 1, 1954. Both of Mr. Richardson's appointments were made by the Governor of Illinois and were approved by the Mayor of Chicago.

Throughout 1947, the principal offices of Chicago Transit Authority were at Room 1940, 20 North Wacker Drive, Chicago 6, Illinois, although at year end plans were being prepared to move these offices to Room A645, 175 W. Jackson Boulevard, Chicago 90, Illinois, where the the management offices of Chicago Transit Authority had been established. Offices for the operating departments had been established at 79 W. Monroe Street.

To the Department of Subways and Superhighways, the City Council and the Mayor of the City of Chicago, Chicago Transit Board expresses sincere appreciation for being granted the use of office space and facilities at 20 N. Wacker Drive while the Authority was getting organized and preparing to establish its own offices. The cost of this office space, including incidental facilities and services, is being billed to the Authority in accordance with the City's offer to assist the Authority in its organization and in its purchase of the local transportation properties.

Operating Organization

As the date approached for offering the bonds of the Authority the Board took steps to determine its operating management. It was deemed especially important to consider the appointment for the position of General Manager because of the responsibilities connected with that position.

Section 27 of the Act provides in part that "The Board may appoint a general manager who shall be a man of recognized ability and experience in the operations of transportation systems to hold office during the pleasure of the Board. The general manager shall have management of the properties and business of the Authority and the employees thereof, subject to the general control of the Board"

After carefully considering the persons qualified who were available for this position, the Board, on June 27, appointed Mr. Walter J. McCarter as General Manager. This appointment became effective October 1, after the Authority sold its bonds. Mr. McCarter is well known in the Transit Industry and has spent his entire life, since being graduated from college, in local transportation operation, rising through the ranks to General Manager of the Cleveland Transit System prior to coming to Chicago.

Shortly before taking over the properties the Board adopted resolutions providing for the appointment of general officers and for the transfer of all employees (other than those on the personal staffs of the trustees) of Chicago Surface Lines, Chicago Rapid Transit Company and the Board of Supervising Engineers to the service of Chicago Transit Authority. Mr. Evan J. McIlraith, formerly General Manager of Chicago Surface Lines, was appointed manager of the Surface Division. Mr. Harley A. Johnson, formerly General Manager of Chicago Rapid Transit Company, was appointed manager of the Rapid Transit Division. These division managers reported to the general manager.

The Authority has been fortunate in obtaining the continuing service



BUSES SIMILAR TO THIS TWIN COACH UNIT ARE REPLACING STREETCARS ON A NUMBER OF ROUTES.



MOST OF THE CTA'S FLEET OF NEW BUSES ARE 44-PASSENGER VEHICLES AS IS THIS ACF-BRILL COACH.

of the well trained and loyal personnel who had been carrying on the operating and maintenance activities of the companies whose properties were acquired.

The division of duties among and responsibilities of the key personnel, as of the close of the year, are reflected in the organization chart (Figure 1 herein). It is contemplated that, early in 1948, further consolidation of the surface and rapid transit organization will be effected.

Consultants

Aiding the Authority in organizing various phases of the unified operation are consultants in operating, engineering, accounting and legal fields for which special services are required at this time.

Arthur Andersen & Co., independent public accountants, were retained to set up the operating and property accounts for the unified operation and conducted the audit of accounts for the year ending December 31, 1947. They have likewise directed accounting matters in connection with the adjustments required under the purchase plans. W. C. Gilman and Company, independent consulting engineers of New York, N. Y. have been retained as the engineer required under the trust agreement to report and make recommendations on the annual budget and to report on operations generally. Mr. Merrill B. Knox, who has been closely identified with the transit modernization program, as a consultant for the City and later for the Authority, has been retained to assist in modernization planning. His experience with other transit operations throughout the country has been helpful to the Authority in this period. Up to the end of the year there had been no appointment to the position of Chief Engineer and Mr. Knox has coordinated the activities in connection with this position.

Mr. Bernard J. Fallon, Executive Officer and Trustee of the Chicago Rapid Transit Company was retained as transit consultant because of his wide experience in transit operations in the Chicago area.

Mr. Werner W. Schroeder has continued as Special Counsel for the Authority and is also Acting General Attorney. Mr. Schroeder has been active in consolidating legal activities and in reorganizing the handling of claims. Mr. Schroeder has continued to direct legal matters in connection with the adjustments under the plans for acquisition of the properties. The work of Chapman and Cutler as bond counsel has been outlined in the discussion on the financing for the purchase of the properties. This firm also prepared all documents relating to title matters and the transfer of the properties and assisted in various matters before the United States District Court.

FARE STRUCTURE

On September 26, 1947, the Board adopted an ordinance (Ordinance No. 11) "Prescribing the Rates and Charges for the Services of the Transportation System Operated by Chicago Transit Authority." These rates and charges became effective when the Authority began operation on October 1.

The Metropolitan Transit Authority Act provides that the Board shall fix rates, fares and charges for transportation sufficient in the aggregate to provide revenues for the payment of (a) interest and principal on its revenue bonds and of all other charges upon its revenues as provided by any trust agreement; (b) operating and maintenance costs including wages, materials, supplies and services, injuries and damages, and all other costs incidental

to operation of its transportation system; (c) all costs and charges for acquisition, modernization, construction, extension and depreciation; and (d) for compensation to municipalities for the use of streets, subways and other public ways.

The basic or adult fare on the Surface Lines had been 9 cents. This rate had been in effect since April 29, 1947, prior to which an 8 cent fare had been charged. The Surface Lines had proceedings before the Illinois Commerce Commission asking for a 10 cent fare, but no action had been taken on the matter before the Authority acquired that system. The basic fare on the Rapid Transit System for rides in the middle zone (including Chicago, Oak Park, Forest Park, River Forest, Berwyn and Cicero) had been 12 cents. Inter-line rides involving a journey using the lines of both Chicago Rapid Transit and Chicago Motor Coach Systems or the lines of both Chicago Rapid Transit and Chicago Surface Lines Systems, required the payment of 13 cents.

In the aggregate, the established fares did not provide sufficient revenue for the required modernization and the cost of operation and maintenance. Accordingly the rates, fares and charges (including transfer privileges) for the use of the transportation facilities and services of the Authority were established as shown in the following tabulation, effective as of 12:01 A.M. on October 1, 1947.

ON THE SURFACE DIVISION (Street Railway and Bus Service)

Rate of Fare on Surface Division	Surface Division Streetcar or Bus	Charge for transfers to			
		Rapid Transit with destination in		Chicago Motor Coach Lines (d)	
		Middle Zone (a)	North (b) or West Zone (c)		
Passengers 12 years of age or over (except school children with identification)	10c	free	2c	5c	free
Passengers in the following groups—					
1—under 12 years of age.					
2—school children 12 years of age or over, presenting proper identification card.					
3—children under 7 years of age, unaccompanied by adult fare paying passenger.	5c	free	free	4c	No Transfer
Children under 7 years of age accompanied by adult fare paying passenger	free	free	free	free	No Transfer

ON THE RAPID TRANSIT DIVISION (Elevated and Subway Trains)

	Rate of Fare on Rapid Transit	Charge for transfers		
		To Surface Division Streetcar or Bus	To Chicago Motor Coach	From Chicago Motor Coach
Passengers 12 years of age or over (except school children with identification)				
a—Middle Zone	12c	free	free	2c
b—North Zone	8c	x	x	x
c—West Zone	8c	x	x	x
Two-zone through ticket	15c	free	free	5c
Passengers in the following groups—				
1—under 12 years of age.				
2—School Children 12 years of age or over, presenting proper identification card.				
3—Children under 7 years of age, unaccompanied by adult fare paying passenger			No Transfer	No Transfer
a—Middle Zone	5c	free	No Transfer	No Transfer
b—North Zone	4c	x	x	x
c—West Zone	4c	x	x	x
Children under 7 years of age accompanied by adult fare paying passenger	free	No Transfer	No Transfer	No Transfer

NOTES:

(a) Middle Zone includes Chicago, Oak Park, Forest Park, Cicero and Berwyn.

(b) North Zone includes Evanston, Wilmette and Skokie.

(c) West Zone includes Maywood, Bellwood and Westchester.

(d) There is no charge for transfers from Motor Coach lines to the Surface Division for adult fare paying passengers.

x—There are no points of intersection in the North Zone or West Zone between Rapid Transit Lines and Surface Division Lines or Motor Coach Lines.

It should be noted that the extra 1-cent charge to Rapid Transit riders who transfer to Surface routes was discontinued.

OPERATING AGREEMENTS AND CONTRACTS

There were several agreements of major importance covering services and the operating rights which were in effect at the date of transfer of the properties and which continued by the Authority on an interim basis pending negotiation for term contracts.

The two operating systems had separate contracts for electric power with the Commonwealth Edison Company. These contracts expired when the trustees of the transit companies delivered the properties to the Authority, but the contracts were continued on a day to day basis pending a new

agreement. Factual data is being assembled for use in determining a modern power contract.

Leases providing for joint operation of the Rapid Transit Lines with The Chicago, North Shore and Milwaukee Railway Company and with the Chicago, Aurora and Elgin Railroad Company have expired but the agreements have been continued in effect pending renegotiation. Steps will be taken to work out mutually acceptable agreements during the coming year.

Operation of the Stock Yards and Kenwood branches of the elevated, which are owned by the Chicago Junction Railroad Company, was continued by the Authority in accordance with an agreement which extends to March 1, 1948. The monetary consideration to be paid or received by the Authority for this period, as well as for any longer term contract that may be entered into, will depend upon the costs involved. Special records of this operation are being kept and a careful study of the operation is being made to determine the most efficient procedures.

These and other contracts are undergoing careful consideration by the Board to insure fair and reasonable costs for services received and adequate compensation for services rendered.

INITIAL OPERATION

The transition from Chicago Surface Lines—Chicago Rapid Transit service to Chicago Transit Authority service was effected without incident. Prior to the change-over date, a committee comprising members of the Authority's staff and operating personnel of the companies planned all of the various steps necessary to effect the smooth change to Chicago Transit Authority management. These plans included the announcement of the new fare structure and instructions to trainmen, agents and others. New transfers were prepared as required.

Initially the service, particularly on the surface division with its greater man-power shortage, was somewhat inadequate. This situation was partially corrected by adding runs, paying more overtime, and putting idle cars into service as rapidly as possible. Most serious of the difficulties experienced in the initial phases of the Authority operation involved the turning back of surface vehicles to overcome delays in service caused by congested street traffic. A campaign was undertaken to improve this situation through more effective traffic control and more adequate schedules. Emergency buses were operated to supplement streetcar service on the outer ends of lines when serious interruptions of service occurred. With the co-operation of the City Council, new rush hour, no-parking regulations were established on Milwaukee Ave. Parking is prohibited on the loop bound side of the street in the morning and on the out-bound side of the street in the afternoon. Results have been so beneficial that application of the Milwaukee Ave. plan to other major streets is considered desirable. Substantial time savings for riders as well as operating economies can be achieved.

Severe early winter weather intensified the operating problems experienced by the Authority. The management, nevertheless, succeeded in improving service. The number of complaints decreased while the number of letters of commendation increased.

Service Improvements

Soon after the Transit Authority assumed control of the operations, the management announced that no new lines or extensions would be inaugurated with motor buses until existing services had been supplemented with sufficient new equipment to meet current traffic requirements. This policy was followed rigorously and resulted in a more satisfactory service being rendered throughout the surface division. It did, however, restrict the inauguration of new bus routes and the conversion of streetcar lines to bus routes. On December 15, 1947, the north section of the Broadway-State line was converted to bus operation between Devon and Kedzie and Devon and Clark. The motor bus service was carried through on Devon Avenue to contact Rapid Transit service at Granville Station. This change in operation made possible a much more reliable service on the Broadway-State line as well as on Devon Avenue where formerly, during the evening rush period, an excessive number of long delays in service were occurring. The undesirable situation on Devon has been completely eliminated. In addition, the buses make direct connection with the Granville elevated station and provide an improved type of service in this respect. The job of equipping the Clark-Wentworth line with P.C.C. cars was completed and a large number of P.C.C. cars were introduced into the Broadway-State operation.

New Equipment

As of October 1, 1947, the Transit Authority assumed responsibility for outstanding equipment orders placed by the Chicago Surface Lines which covered 396 P.C.C. cars, 210 trolley coaches and 166 motor buses. By December 31, 1947, 98 of these streetcars and 94 of the motor buses were delivered. In addition, the Authority ordered 100 motor buses in December. It was planned to make arrangements shortly after the close of the year to acquire 200 additional motor buses for early delivery.

Two three-unit articulated subway-elevated cars, the equivalent of a four-car standard train, were received by the trustee of Rapid Transit late in the summer and were transferred to the Authority as part of the Plan Properties. Two similar cars are to be delivered in the first half of 1948. These will be operated in all parts of the system and the results of this test operation will be studied to determine the performance of elements entering into the design of rapid transit cars for future orders.

Employee Training

Modern methods have been introduced in the training school for new car and bus operators. In addition to the usual methods of instructing new trainmen by working with models and actual equipment, visual instructions with sound motion pictures and slide films and also voice records are being used to supplement the usual training covering all elements necessary to efficient operation.

Courtesy is being stressed as well as the proper handling of equipment and treatment of customers. Emphasis is placed on the importance of methods of safe operation of buses and cars. A thorough instruction is given on the fare structure including the uses that may be made of various tickets and transfers.

A most important phase of training is the reinstruction of trainmen and bus operators which will keep the employees up to date as special conditions arise. In this reinstruction such factors are considered as the proper method of dealing with passengers to improve passenger load distribution within the vehicle. Training is supplemented by issuing a variety of booklets for specialized instruction or for trainmen's general information on routes, transfer privileges and various other phases of instruction.

Accident Prevention

A most important phase of reinstruction deals with safety measures. Instruction is given as to the correct handling of equipment for emergency situations or for specific hazards such as snow, ice and fog. The importance of reaction time in making emergency stops is being stressed and car and bus operators are being tested as to their individual reaction time. In addition to instructions the employees are kept informed as to methods in reducing accidents by such means as leaflets and diagrams on the most common accidents encountered by trainmen and bus operators.

Other steps to insure accident reduction include preventative maintenance on cars, inspection of shops, stations and other facilities on the system to eliminate possible hazardous conditions and careful consideration in the design of new equipment for those factors which contribute to safety.

Public Information

Chicago Transit Authority occupies a unique position in the nation's local transit industry.

It is a self-supporting public corporation whose ownership eventually is to pass to its patrons.

Thus, in effect, today's users of CTA's local transit services are the owner-riders of the CTA's local transit system.

There exists, therefore, an unusual relationship between the owner-riders of the system, and the Transit Board and the operating management.

It is a situation which calls for friendly understanding and mutual co-operation.

To achieve these objectives, so essential to the successful operation of Chicago Transit Authority, the Transit Board and operating management have established and are rigidly adhering to a comprehensive public information program.

The principal purposes of this program are to keep the owner-riders fully informed on all phases of CTA operations, and to enlist their support and co-operation in the management's effort to improve, modernize and unify local transit in the Chicago metropolitan area.

All meetings of Chicago Transit Board are open to the public. At these meetings, policy questions are fully discussed, decided, and courses of action outlined for the operating management. These policy decisions are promptly announced to the public.

The operating management likewise endeavors to keep the public fully informed by frequent public announcements regarding service improvements and equipment modernization.

Public hearings are held on requests for service changes, additional

service, extensions, and the establishment of new routes. Prompt attention is given to all complaints and to all suggestions for improvements in service.

The General Manager and members of his staff give their personal attention to neighborhood and community transportation problems, and are always available for a discussion of these problems at neighborhood and community meetings.

The management also works in close co-operation with officials of other public agencies, and with local civic, commercial and industrial organizations.

Special emphasis is placed upon maintaining friendly employee-rider relations, and, to further this particular objective of the program, an intensive, continuing employee training program has been established.

By doing all of these things in a spirit of friendliness and co-operation, Chicago Transit Authority is confident that it will retain and strengthen the respect and confidence accorded it by the system's owner-riders, and will daily gain new friends and customers.

In the management and operations of Chicago Transit Authority, there is an intense public interest.

Recognizing this fact, the Chicago Transit Board at the very beginning adopted a policy of keeping the public fully informed of its efforts to give Chicago attractive, convenient and modern local transit service at actual cost.

In keeping with this policy, the Public Information activities of the CTA have been co-ordinated and unified in a single department. Frequent reports are made to the public and to CTA employees generally through the medium of news releases to the metropolitan and community papers.

These news releases are supplemented by promotional material—such as advertisements announcing the installation of new services and by posters, car cards, pamphlets and placards in transit vehicles and on transit properties, and by a magazine mailed monthly to CTA employees and their families.

All phases of CTA activities are covered—the day-to-day steps to improve service, the progress of plans for future improvements, the conversion of streetcar lines to bus routes, the purchase of new equipment and the consolidation and unification of duplicate departments acquired from the predecessor companies.

The Department of Public Information also participates in a special public service maintained for persons who, by telephone or letter, request specific information regarding routes, schedules and services, or management activities and policies.

FINANCE

The accompanying balance sheets as of September 30 and December 31, 1947, and the related statement of revenues and expenses and statement of funds, which have been examined by Arthur Andersen & Co., independent public accountants, set forth the financial position of the Authority on those dates and the results of its operations for the three month period ended December 31, 1947. These statements show that there

were net earnings for this period, after operating and maintenance expense, of \$1,765,100 which was sufficient to provide for interest on the Series of 1947 Revenue Bonds and for deposits in the 1947 Bond Reserve Fund in accordance with the Trust Agreement and with a balance of \$489,985 remaining for depreciation.

The \$26,965,395 total revenues received in this period were disbursed or are to be disbursed in the order of precedence set forth in the Trust Agreement for:

Operation and maintenance expenses.....	\$25,200,295
Deposits in funds under control of Trustee—	
Interest	954,115
Revenue bond reserve fund.....	321,000
Depreciation reserve fund (monthly requirement \$433,333.33; cumulative deficiency of \$810,015)	489,985
Total Revenues	\$26,965,395

Earnings were insufficient to provide for any compensation payment to the City of Chicago in accordance with the terms of Section 18 of the ordinance grant of the City to the Authority, which was passed by the City Council of the City of Chicago on April 23, 1945. As provided in Section 22 of the above ordinance, this was so reported to the City Comptroller and City Treasurer, in accordance with a resolution adopted by the Board on March 23, 1948.

Operating Results

Effective October 1, the date on which the Authority assumed ownership of the transportation properties and began their operation, the fares were readjusted which, in the main provided for an increase in the Surface Lines fares from 9c to 10c and a reduction of the inter-division transfer from 13c to 12. Based upon the changed fare structure the consulting engineers and the Authority had estimated total revenues of approximately \$9,140,000 and \$9,400,000 per month respectively. The actual revenues for the months of October, November and December, 1947, averaged approximately \$9,000,000 per month. The estimates were prepared prior to July of 1947 and were conservative when compared to the actual traffic for the year up to that time but almost immediately thereafter there was experienced a change in trend downward which conformed to the general trend in other large urban centers in the United States.

Operating expenses had been estimated by the consulting engineers and the Authority at approximately \$8,000,000 per month. The actual expenditures averaged approximately \$8,400,000 per month. There were a number of factors that entered into this situation, which included the following: weather conditions were more severe than anticipated; material, service and power costs continued to rise; employment conditions remained very trying so that it was impossible to recruit a full complement of men for operation of cars and busses, which necessarily involved a substantial amount of overtime at penalty payments.

At the time the estimate was made, arbitration proceedings were in progress concerning wages on the Surface Lines and the effect of the award of

the arbitrators resulted in increased costs somewhat in excess of what had been anticipated.

Balance Sheet Comments

A condensed comparison of the balance sheets of Chicago Transit Authority as of September 30, 1947 and December 31, 1947 condensed from financial statements examined by Arthur Andersen & Co. and presented elsewhere in this report, is shown below:

ASSETS	Sept. 30, 1947	Dec. 31, 1947
Transportation property, at cost—		
less reserve for depreciation.....	\$74,063,018	\$78,074,471
Special funds (including \$22,700,873		
at September 30 and \$17,879,405		
at December 31, 1947 for		
Modernization program)	23,959,726	20,138,895
Current assets.....	20,612,874	28,982,952
Deferred charges	55,155	198,987
	<u>\$118,690,773</u>	<u>\$127,395,305</u>
LIABILITIES		
Revenue bonds, Series of 1947.....	\$105,000,000	\$105,000,000
Accumulated net deficit in revenues.....	—	489,015*
Current liabilities (including		
\$4,692,445 at September 30 and		
\$4,566,101 at December 31, 1947 for		
purchase price adjustments).....	6,115,545	14,629,455
Reserves	7,145,228	7,824,865
Municipal and State grants.....	430,000	430,000
	<u>\$118,690,773</u>	<u>\$127,395,305</u>

*Denotes red figure.

The transportation properties acquired by the Authority on October 1, 1947, are recorded at the cash purchase price of \$87,162,500, less the amounts at which other assets, principally materials and supplies, were taken over. Over-aged equipment taken over on October 1 was recorded at only salvage values. Since September 30, 1947, additions of \$5,183,162 have been made to transportation property, of which \$4,335,789 represents cost of new streetcars and buses. Expenditures of \$6,408 were made for organization expenses, bringing the total amount expended for organization and acquisition expenses to \$501,930. These organization costs were paid primarily from non-refundable grants made by the State of Illinois and the City of Chicago and represent planning and organization expenses and costs incidental to the initial acquisition of the operating properties.

Special funds, as described in a subsequent section of this report, represent primarily funds acquired from the Chicago Surface Lines, which are reserved for payment of outstanding equipment obligations of the Chicago Surface Lines that have been assumed by the Authority, funds remaining from the original issue of Series of 1947 Revenue Bonds, which are reserved for the modernization program of the Authority and amounts set aside to pay damage claims and employees pensions.

Current assets consist principally of cash and operating materials and supplies.

Deferred charges represent expenses arising in connection with the issuance of the Series of 1947 Revenue Bonds and costs incurred in establishing the general office of the Authority at 175 W. Jackson, all of which are to be charged to operation of future periods.

Current liabilities of the Authority at December 31, 1947, consist of current accounts and wages payable of \$8,030,557, interest payable January 1, 1948 on the Series of 1947 Revenue Bonds of \$1,908,020, liability for unredeemed tickets and tokens outstanding in the hands of riders in the amount of \$124,777, and amounts remaining to be paid as adjustments in connection with the acquisition of the properties estimated to total \$4,566,101. Included in the amounts estimated to be due as adjustments of purchase prices of acquired properties is an amount of \$3,377,058, representing unpaid real estate and personal property taxes on the operating properties, for which the Authority has received or was to receive cash in the above amount from the predecessor companies for the payment of such taxes.

The damage reserve of \$7,526,389, at December 31, 1948, represents the Authority's estimate of the amount required to settle claims and suits outstanding against the Authority as of that date, including all unsettled claims and suits assumed by the Authority as the date of purchase of the properties.

The amount reserved for pensions represents amounts collected from employees and contributed by the Authority for the payment of pensions to retired employees and such reserves as were received in connection with the acquisition of the properties. Pending the establishment of a permanent pension plan, the amounts which are being collected and contributed are being limited to the amounts estimated to be required to make current payments to all retired employees.

Municipal and State grants made by the State of Illinois and the City of Chicago for the organization of the Authority amounted to \$430,000. These grants are non-refundable and were used entirely to meet the expenses of planning and organization and initial acquisition of properties.

Additional comments on some of the items set forth above are contained in other sections of this report.

Status of Funds

During the year the following funds, provided for in the Trust Agreement or required in the operation of the system, were established:

Cash Funds Under Control of Trustee—

- Transit Revenue
- Special Modernization
- Modernization
- Depreciation Reserve
- Series of 1947 Revenue Bond Reserve
- Series of 1947 interest
- Operating Expense Reserve
- Municipal Compensation Fund

Other Cash Funds—

Damage Reserve

Held for Payment of Pensions

Working Cash

Reserve for Payment of Purchase Price Adjustments

Other cash (remaining from State and City Grants)

The status of these funds, at December 31, 1947, is set forth in detail in the financial statements which are a part of this report.

Settlements

At the time of settlement with the owning companies on September 30, 1947, the Court directed that, of the cash in the Surface Lines renewal funds \$18,000,000 be placed in escrow with Special Master Walter A. Wade, against the liquidation of the liability which the Surface Lines had created by entering into contracts for purchase of equipment, materials and for construction projects. This cash was to be withdrawn from escrow by the Authority as and when payments were made against such contract liabilities by the Authority or at such time as vendors or contractors agreed to substitute the Authority for Chicago Surface Lines as a party to such contracts and to release said Chicago Surface Lines from all liability under such contracts. At December 31, a total of \$3,194,985.88 had been withdrawn from the escrow by the Authority for the payment of an equal amount on such contracts, leaving a balance of \$14,805,014.12 in escrow.

The balance sheets submitted in this report give effect to the costs incurred in organizing the Authority and the payment to the owning companies of the purchase price. The preliminary adjustments in the purchase price, as provided in the Plans under which the properties were acquired, with certain exceptions, were based upon the unaudited balance sheets of the owning companies as of August 31 instead of September 30, the date of the take-over as required in the Plan. It was necessary to make the initial adjustments based upon the August 31 figures because at the time of the take-over the September 30 figures were not available. While the settlement did not give effect to the September transactions or to any final adjustments that may arise as a result of the audit of the accounts, the balance sheet reflects a provision of \$4,566,101 for these transactions and adjustments.

Final agreement has been reached with respect to these adjustments with the Rapid Transit Company with the exception of the accrued taxes to September 30, 1947. The settlement of taxes cannot be made until receipt of the tax bills for the year 1947 for personal and general property taxes due in April, 1948.

Certain disputes have arisen in connection with the settlement of the adjustments with the Surface Lines and negotiation with respect to these disputes are now in progress.

The principal item of dispute referred to in the foregoing paragraph relates to the amount of cash to be paid by the Surface Lines to the Authority against the assumption by the Authority of the liability for personal injury



DIESEL POWERED UNITS MANUFACTURED BY GENERAL MOTORS ARE INCLUDED AMONG THE CTA'S RUBBER-TIRED TRANSIT VEHICLES.



RELIABILITY OF SERVICE IS BEING IMPROVED BY USING BUSES SIMILAR TO THIS MACK INTERNATIONAL ON OUTER REACHES OF LONG STREETCAR ROUTES.

liability outstanding and unpaid at the date of the take-over. The Surface Lines contend they were entitled to retain \$2,450,535 of the cash then in the injury and damage fund which they claim represented the excess of their disbursement for injuries and damages over those they were required to make under the provisions of the Plan, during the period August 31, 1945 to September 30, 1947. That position is controverted by the Authority. At the time of settlement (on September 30, 1947) the court ordered \$2,450,535 to be escrowed pending determination of the matter. This litigation is now in progress.

The balance sheet accounts affected by these settlements in the purchase price will be adjusted as and when settlement is finally reached.

The Authority estimated as nearly as possible, the outstanding and unpaid injury and damage liability at the date of the take-over. The amount so estimated was \$7,000,000 which has been set up on the books as a Damage Reserve and the excess of this amount over and above the cash received from the owning companies against this liability has been included in the cost of the transportation property. Any amount received as a result of the negotiation with respect to the damage reserve cash above referred to, will be deposited in the Damage Reserve Fund and deducted from the cost of the acquired transportation property.

Appropriations

Prior to the sale of its revenue bonds and the beginning of revenue operation, all expenditures of the Authority for organization and administration and in planning the acquisition, construction and operation of facilities for public service were financed from appropriations of the State of Illinois and the City of Chicago.

The State of Illinois, in June, 1945, appropriated \$100,000 for these purposes. Another appropriation of \$100,000 was made by the State in June, 1947. The City of Chicago appropriated \$100,000 in June, 1945 and in January, 1947 appropriated \$130,000 additional. These sums have been expended for the purposes for which they were appropriated.

Preparation of the budget for 1948 was begun shortly after the transit properties were acquired, and a budget bureau was established. In accordance with the trust agreement securing the series of 1947 bonds, a public hearing was held on the budget on December 15. Then, on December 16, an ordinance was passed by the Board adopting a budget and making appropriations for the fiscal year 1948 for operation and maintenance expense, pensions, interest, amortization of bond expense and the revenue bond reserve fund. The total appropriated for these purposes was \$100,986,667. Appropriations were also made for capital expenditures totaling \$30,491,000. The budget as adopted was approved by W. C. Gilman and Company, the engineers employed by the Authority to make recommendations with respect to the budget as required by the trust agreement.

Economies

Almost immediately after the Authority assumed control, work was begun on the consolidation of the various offices and divisions of Chicago Surface Lines and Chicago Rapid Transit Company. The first steps taken resulted in the consolidation of the Legal, Accounting, Valuation, Real Estate,

Purchasing and Treasury Departments. Plans were made for the consolidation of the two operating divisions to be carried into effect early in 1948. In this manner, duplicate effort is being eliminated and personnel requirements reduced. Studies were begun to effect a more efficient handling of accounting procedures, placing all purchases on a competitive bidding basis and improved practices in many of the various departments. Plans were also laid for an improvement program designed to eliminate rebuilding of track in as many locations as possible and produce the maximum in operating economies. The initial three-month period did not permit many of the programs to move to an advanced point of accomplishment. They will, however, be aggressively pursued during the coming year.

PLANNING FOR 1948

General Scope of Improvements

The improvement program for 1948 includes plans for converting car lines to bus operations on many routes throughout the city and also for the rebuilding of some and the construction of new garage facilities. The entire program is very ambitious, both from the standpoint of accomplishment and money to be expended. A total of 298 new streetcars, 210 trolley coaches, and upwards of 350 motor buses will be placed in operation. The motor buses and trolley coaches will be used to effect substitutions and the extensions on about 300 single-way miles of routes. The P.C.C. cars will replace cars on three existing routes. Alteration of existing carhouses for bus or P.C.C. car operation is contemplated at five places and new bus garages will be erected at two points. The entire program is geared to the maximum service which can be rendered to the public with the equipment available and the economies which can be effected for the Authority through its successful prosecution.

Surveys and Studies Required

To date most of the planning and modernization studies have related to the surface division. In 1948 additional emphasis will be placed on the surface division modernization, but more specific study must be devoted to the various methods for improving and modernizing rapid transit operations. Extensive studies devoted to the determination of origins and destinations of passengers must be made in order to effect the most efficient type of combined transportation service. Specific studies will be made on the various branches of the elevated system in order to determine how these operations may be made truly "rapid" transit and more effective in handling the "long haul" riding public. Studies will include analysis of the overall methods and facility requirements for maintenance and repair of rolling stock. Studies will be concluded on the design of the new cars for the elevated system.

All phases of the operation in every department will be carefully reviewed for the purpose of effecting more efficient methods for accomplishing our various tasks. The organization set-up will be studied in an effort to best adapt the personnel employed to the tasks to be performed.

The Authority will immediately proceed with the steps necessary to classify all employees within a reasonable time, as required by the Metropolitan Transit Authority Act. It is contemplated to employ a consultant, qualified in this work, to conduct job analysis institutes to train the Authority's personnel to make such classification.

The Authority has under way insurance surveys including engineering studies of its physical properties. Complete reports will be available early in the year so that full advantage may be taken in arriving at minimum insurance cost consistent with adequate protection.

Added Subway Operation

The Milwaukee Avenue-Dearborn Street-Congress Street rapid transit subway may be ready for operation early in the year of 1950. The Department of Subways and Superhighways of the City of Chicago is proceeding rapidly with the construction of the short section of tunnel in Congress Street that is necessary to complete the structure. The installation of track, signals and other transportation equipment will be under way in 1948. Much of this material has already been contracted for and is ready for delivery.

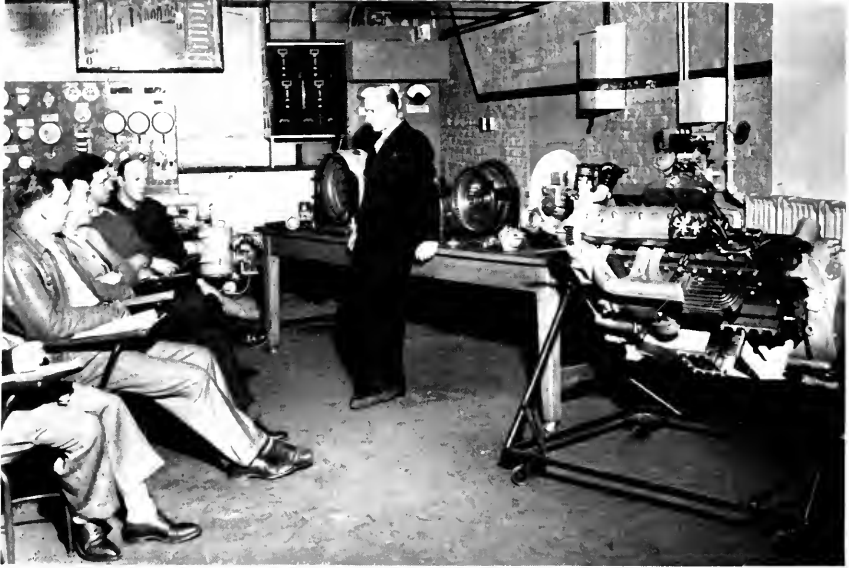
In 1948 the Authority must likewise go forward with its preparations for operation. Arrangements will be made for an adequate power supply and for such track and station facilities on the Logan-Humbolt elevated structure as may be required by reason of the operation of these trains in the subway. Surface operations in the northwest section of the city will be affected considerably by this new facility as they must be developed to provide complete feeder service to the new mass transit carrier.

New rolling stock will be required for this subway-elevated service as all of the present steel cars are required for trains operating through the State Street subway. The work is under way by our staff, aided by the advice of equipment manufacturers, of designing a modern rapid transit car which incorporates as many of the features of the P.C.C. streetcar as are feasible. It is expected that a car with modern operating characteristics can be developed which can be built at a relatively moderate cost. The initial operation will require 130 cars.

Negotiations for Acquisition of Other Properties

Negotiations for the purchase of additional local transportation systems by the Authority were not pressed during the year 1947. The prior consideration was the completion of the acquisition and organization of the properties of Chicago Surface Lines and Chicago Rapid Transit Company.

It is the intention of the Board to actively resume negotiations not only with Chicago Motor Coach Company, but also with bus systems serving the suburban area in the territory under the jurisdiction of the Authority. The suburban communities immediately west of the City of Chicago have been particularly interested in being assured of operation by the Authority. The several committees of the Board assigned to conduct these negotiations are securing full financial, operating and statistical information to enable them to carry on their work, aided by the technical staff.



CTA MECHANICS ATTEND BUS MAINTENANCE SCHOOL TO LEARN ABOUT
TORQUE CONVERTERS.



Financial Statements as of December 31, 1947 together with the certificate of Arthur Andersen & Co., independent public accountants, and certain statistics are presented on the pages immediately following in this report.



ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET
CHICAGO 3

To the Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheets of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of September 30, 1947 and December 31, 1947, and the statements of revenues and expenses and of funds for the three months ended December 31, 1947, have reviewed the system of internal control and the accounting procedures of the Authority and, without making a detailed audit of the transactions, have examined or tested accounting records of the Authority and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheets and related statements of revenues and expenses and of funds present fairly the position of Chicago Transit Authority at September 30, 1947 and December 31, 1947, and the results of its operations for the three months ended December 31, 1947, and are in conformity with generally accepted accounting principles.

Chicago, Illinois,

March 25, 1948.

Arthur Andersen & Co.

CHICAGO TRAN

COMPARATIVE BALANCE SHEETS

ASSETS	Sept. 30, 1947	Dec. 31, 1947
TRANSPORTATION PROPERTY:		
Tangible property, at cost.....	\$ 73,567,496	\$ 78,744,250
Less—Depreciation reserve.....		1,171,709
	\$ 73,567,496	\$ 77,572,541
Planning and organization expenses and costs incidental to initial acquisition (Note 2).....	495,522	501,930
	\$ 74,063,018	\$ 78,074,471
SPECIAL FUNDS (cash) (see accompanying statement of funds):		
Under control of Trustee—		
Special modernization (exclusive of \$1,190,342 included in current assets)	\$ 18,836,176	\$ 14,364,030
Modernization	3,864,697	3,515,375
Series of 1947 revenue bond reserve fund.....		321,000
	\$ 22,700,873	\$ 18,200,405
Damage reserve fund (exclusive of \$239,840 at September 30 and \$131,519 at December 31 included in current assets).....	1,113,625	1,640,014
Funds held for benefit of employees pending establishment of pension plan.....	145,228	298,476
	\$ 23,959,726	\$ 20,138,895
CURRENT ASSETS:		
Cash (see accompanying statement of funds)—		
Working cash—		
Reserved from revenue bond proceeds.....	\$ 7,000,000	\$ 7,000,000
Required for liquidation of current liabilities not payable with other cash funds.....	2,394,391	\$ 9,215,729
	\$ 9,394,391	\$ 16,215,729
Cash in special funds (\$1,430,182 at September 30; \$1,321,861 at December 31) and other cash (\$1,189,257) reserved for payment of purchase price adjustments.....	2,619,439	2,511,118
Deposit for payment of interest due January 1, 1948.....	943,462	1,908,020
Other cash.....	57,038	55,586
	\$ 13,014,330	\$ 20,690,453
Accounts receivable.....		644,116
Unpaid balance of State grant.....	98,500	16,785
Materials and supplies, at cost.....	6,972,638	7,154,359
Prepayments and other current assets.....	527,406	477,239
	\$ 20,612,874	\$ 28,982,952
DEFERRED CHARGES:		
Bond expenses, in process of amortization.....	\$ 55,155	\$ 52,955
Other		146,032
	\$ 55,155	\$ 198,987
	\$118,690,773	\$127,395,305

NOTES

1 The above balance sheets give effect to the costs incurred in organizing the Authority and reflect the payment of the Purchase Price, including the estimated remaining liability for the adjustments thereto, for the properties of the Chicago Surface Lines Companies and Chicago Rapid Transit Company. The balance sheets, however, are subject to adjustments which will result from:

(a) Determination by the District Court of the United States of the ultimate ownership of \$2,450,535 of escrowed damage reserve cash. Pending the Court's finding, the escrowed funds have not been recorded in the accounts of the Authority. Any amount of such funds ultimately received by the Authority will be added to

SIT AUTHORITY

NCE SHEETS (NOTE 1)

LIABILITIES	Sept. 30, 1947	Dec. 31, 1947
REVENUE BONDS, SERIES OF 1947:		
3¼% due serially from July 1, 1953 to 1957.....	\$ 11,000,000	\$ 11,000,000
3½% due serially from July 1, 1958 to 1961.....	8,000,000	8,000,000
3½% due serially from July 1, 1962 to 1965.....	8,000,000	8,000,000
3½% due serially from July 1, 1966 to 1972.....	13,000,000	13,000,000
3¾% due July 1, 1978.....	65,000,000	65,000,000
	<u>\$105,000,000</u>	<u>\$105,000,000</u>

ACCUMULATED NET DEFICIT IN REVENUES (see accompanying statement of revenues and expenses).....	\$	\$ 489,015*
--	----------	-------------

CURRENT LIABILITIES:

Accounts payable.....	\$ 311,334	\$ 5,805,403
Accrued wages.....		2,225,154
Accrued revenue bond interest.....	953,905	1,908,020
Unredeemed tickets and tokens.....	157,861	124,777
Estimated net payable for adjustments to purchase prices of acquired properties and for taxes assumed.....	4,692,445	4,566,101
	<u>\$ 6,115,545</u>	<u>\$ 14,629,455</u>

RESERVES:

Damage	\$ 7,000,000	\$ 7,526,389
Amount reserved for payment of pensions.....	145,228	298,476
	<u>\$ 7,145,228</u>	<u>\$ 7,824,865</u>

MUNICIPAL AND STATE GRANTS (Note 3).....	\$ 430,000	\$ 430,000
	<u>\$118,690,773</u>	<u>\$127,395,305</u>

* Denotes red figure.

- the damage reserve fund and will be applied in reduction of the cost of the acquired transportation property.
- (b) Determination of the final liability to Chicago Surface Lines Companies and Chicago Rapid Transit Company for adjustments to the purchase prices.
- Includes the cost of initial planning and organization expense of the Authority and costs incident to the acquisition on October 1, 1947 of the properties of the Chicago Surface Lines Companies and Chicago Rapid Transit Company.
- Nonrefundable municipal and state grants applied to purposes stated in Note 2 above.
- Commitments, under modernization program, approximated \$22,000,000 of which \$3,800,000 represented commitments entered into subsequent to December 31, 1947.

CHICAGO TRANSIT AUTHORITY

STATEMENT OF REVENUES AND EXPENSES

FOR THE THREE MONTHS ENDED DECEMBER 31, 1947 (NOTE 1)

REVENUES:

Passenger transportation	\$26,373,757
Rent of track and facilities	165,743
Other	425,895
	<hr/>
	\$26,965,395

OPERATION AND MAINTENANCE EXPENSES (before depreciation):

Way and structures (including \$267,609 for rental of track and facilities).....	\$ 2,225,999
Equipment	3,091,253
Power	2,344,604
Conducting transportation	14,604,787
General (including \$1,525,949 for provision for damage reserve)	2,933,652
	<hr/>
	\$25,200,295

\$ 1,765,100

INTEREST ON REVENUE BONDS

954,115

Net revenues (before depreciation) \$ 810,985

PROVISION FOR DEPRECIATION (see Note 2)..... 1,300,000

Net deficit in revenues \$ 489,015

NOTES:

- (1) The results of operations for the three months ended December 31, 1947 are not necessarily indicative of one-fourth of the revenues and expenses for a calendar year.
- (2) Under the trust agreement securing the Revenue Bonds, an amount of \$107,000 per month must be set aside in the Series of 1947 Revenue Bond Reserve Fund before the Authority can fund any portion of its provision for depreciation. Accordingly, an amount of \$321,000 was deposited in the Revenue Bond Reserve Fund during the three months ended December 31, 1947 and \$489,985, representing the remaining net revenues, was available for deposit in the depreciation fund.

SIT AUTHORITY OF FUNDS

led December 31, 1947

ds Under Control of Trustee

Other Cash Funds

SERIES OF 1947

WORKING CASH

Depreciation Reserve	Revenue Bond Reserve	Interest	Interest Due Jan. 1, 1948	Operating Expense Reserve	Municipal Compensation	Damage Reserve	Held for Payment of Pensions	Other	Other Cash
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$1,113,625	\$145,228	\$.....	\$.....
.....	.....	943,462	.....	.....	.....	239,840	.....	9,394,391	1,246,295
\$.....	\$.....	\$ 943,462	\$.....	\$.....	\$.....	\$1,353,465	\$145,228	\$ 9,394,391	\$1,246,295
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....
1,300,000	321,000	964,558	.....	150,000	87,045	.....	177,946	465,054	.....
.....	.....	1,908,020*	1,908,020	.....	.....	.....	209,561	16,397,530	.....
\$1,300,000	\$321,000	\$ 943,462*	\$1,908,020	\$150,000	\$87,045	\$.....	\$387,507	\$16,862,584	\$.....
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$234,259	\$22,985,985	\$.....
.....	.....	.....	.....	.....	.....	.....	.....	1,452	.....
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$234,259	\$22,985,985	\$ 1,452
\$1,300,000	\$321,000	\$.....	\$1,908,020	\$150,000	\$87,045	\$.....	\$.....	\$.....	\$.....
.....	.....	.....	.....	.....	.....	1,353,465	298,476	3,270,990	1,244,843
.....
810,015*	.....	.....	.....	150,000*	87,045*	.....	.....	.....	.....
2* 384,740*	.....	.....	.....	.....	.....	108,321*	.....	4,965,032	.....
105,245*	.....	.....	.....	.....	.....	.....	.....	108,685	.....
.....	.....	.....	.....	.....	.....	526,389	.....	7,871,022	.....
\$.....	\$321,000	\$.....	\$1,908,020	\$.....	\$.....	\$1,771,533	\$298,476	\$16,215,729	\$1,244,843
\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$16,215,729	\$.....
.....	.....	.....	1,908,020	.....	.....	131,519	.....	.....	1,189,257
.....	321,000	.....	.....	.....	.....	1,640,014	298,476	.....	55,586
\$.....	\$321,000	\$.....	\$1,908,020	\$.....	\$.....	\$1,771,533	\$298,476	\$16,215,729	\$1,244,843

ed figure.

ect to withdrawal on the basis of expenditures made, or for which liabilities
December 31, 1947.

CHICAGO TRANSIT

STATEMENT

For the three months ended

Cash Fund

	Total	Transit Revenue	Special Modernization	Modernization
BALANCE SEPTEMBER 30, 1947—classified as:				
Special funds	\$23,959,726	\$.....	\$18,836,176	\$3,864,697
Current assets	13,014,330	.....	1,190,342	.....
	<u>\$36,974,056</u>	<u>\$.....</u>	<u>\$20,026,518</u>	<u>\$3,864,697</u>
ADD—RECEIPTS:				
Collection of revenues	\$23,473,576	\$23,473,576	\$.....	\$.....
Other receipts	643,000	.....	.....	.....
Transfers from Transit Revenue Fund .....	.....	19,429,694*	.....	.....
Transfer from Series of 1947 Interest Fund .....	.....	.....	.....	.....
	<u>\$27,116,576</u>	<u>\$ 7,043,882</u>	<u>\$.....</u>	<u>\$.....</u>
DEDUCT—DISBURSEMENTS:				
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	\$23,220,244	\$.....	\$.....	\$.....
Disbursements for purposes for which funds were created	347,509	.....	346,057	.....
	<u>\$23,567,753</u>	<u>\$.....</u>	<u>\$ 346,057</u>	<u>\$.....</u>
BALANCE DECEMBER 31, 1947—before adjustments:				
On deposit with Trustee.....	\$34,355,105	\$ 7,043,882	\$19,680,461 (1)	\$3,864,697
Other cash funds	6,157,774	.....	.....	.....
ADD:				
December revenues deposited January 2, 1948	306,469	306,469	.....	.....
Entries to give effect to transfers of cash to be made in 1948 arising from 1947 transactions—				
Reversal of transfers from Transit Revenue Fund in excess of amounts earned .....	.....	1,047,060	.....	.....
Reimbursement of Working Cash for—				
Expenditures charged to transportation property .....	.....	.....	4,122,649*	349,321
Net cost of removing retired property .....	.....	.....	3,440*	.....
Costs and expenses of operation applicable to 1947 to be paid in 1948 .....	.....	8,397,411*	.....	.....
BALANCE DECEMBER 31, 1947	<u>\$40,829,349</u>	<u>\$.....</u>	<u>\$15,554,372</u>	<u>\$3,515,379</u>
As classified in accompanying balance sheet—				
Current assets—				
Working cash	\$16,215,729	\$.....	\$.....	\$.....
Cash reserved for purchase price adjustments	2,511,118	.....	1,190,342	.....
Deposit for interest due January 1, 1948	1,908,020	.....	.....	.....
Other cash	55,586	.....	.....	.....
Special funds	20,138,895	.....	14,364,030	3,515,379
	<u>\$40,829,348</u>	<u>\$.....</u>	<u>\$15,554,372</u>	<u>\$3,515,379</u>

* Denotes 1

(1) Includes \$14,805,014 held by Special Master of which \$1,277,161 was subject to the provisions of the Act of March 1, 1947, and were recorded at 1

CHICAGO TRANSIT AUTHORITY
COMPARATIVE OPERATING STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 1947

	Surface Division	Rapid Transit Division	Combined System
PASSENGER AND TRAFFIC STATISTICS:			
Revenue Passengers—			
Originating passengers	222,292,611(1)	37,845,169	260,137,780
Transfers from other Divisions.....	(2)	9,475,687	9,475,687
Transfers from Chicago Motor Coach.....	(3)	802,716	802,716
Total Revenue Passengers.....	<u>222,292,611</u>	<u>48,123,572</u>	<u>270,416,183</u>
Revenue Car Miles—			
Cars	25,421,384	11,591,882	37,013,266
Trolley Buses	1,119,081	.....	1,119,081
Motor Buses	6,199,409	.....	6,199,409
Total Revenue Car Miles.....	<u>32,739,874</u>	<u>11,591,882</u>	<u>44,331,756</u>
Revenue Car Hours—			
Cars	2,926,167	774,055	3,700,222
Trolley Buses	124,130	.....	124,130
Motor Buses	679,444	.....	679,444
Total Revenue Car Hours.....	<u>3,729,741</u>	<u>774,055</u>	<u>4,503,796</u>
POWER STATISTICS:			
Direct Current—Kilowatt hours.....	143,452,751	53,481,907	196,934,658
Average Cost per Kilowatt hour.....	1.21c	1.14c	1.19c
Net Cost of D.C. Power per total car mile (4).....	<u>5.41c</u>	<u>4.61c</u>	<u>5.16c</u>
FUEL STATISTICS:			
Gasoline—			
Gallons	1,851,686	.....	1,851,686
Average miles per gallon.....	3.07	.....	3.07
Diesel Fuel—			
Gallons	112,629	.....	112,629
Average miles per gallon.....	<u>4.54</u>	<u>.....</u>	<u>4.54</u>

NOTES:

- (1) Surface Division originating traffic includes Mail Carriers.
- (2) Surface Division receives no revenue on transfers from Rapid Transit Division and makes no record of passenger transfers from that division.
- (3) Passengers transferring from the Chicago Motor Coach Co. buses are not reported.
- (4) After correction for use by other than car service.

CHICAGO TRANSIT AUTHORITY

REVENUE EQUIPMENT OWNED

DECEMBER 31, 1947

	On Hand Oct. 1, 1947	October 1, 1947 to December 31, 1947 Acquired	Retired	On Hand Dec. 31, 1947
SURFACE DIVISION:				
Street Cars—				
P.C.C. Cars.....	287	98	.....	385
Other Closed Platform.....	1,028	.....	.....	1,028
Open Platform	1,613	.....	.....	1,613
Total Street Cars.....	2,928	98	.....	3,026
Buses—				
Trolley Buses	152	.....	.....	152
Gas—Mechanical	600	.....	.....	600
Gas—Hydraulic	57	94	.....	151
Diesel Hydraulic	36	.....	.....	36
Total Buses	845	94	.....	939
Total Surface Equipment.....	3,773	192	.....	3,965
RAPID TRANSIT DIVISION:				
Elevated Cars—wood & steel.....	1,166	.....	.....	1,166
Elevated—Subway Cars				
Steel, Conventional type.....	455	.....	.....	455
Metal, Articulated	2	.....	.....	2
Total Rapid Transit Cars.....	1,623	.....	.....	1,623
TOTAL	5,396	192	.....	5,588



NEW EQUIPMENT DELIVERIES TO CTA INCLUDE 600 STREAMLINED, P.C.C. STREETCARS BEING
MANUFACTURED BY ST. LOUIS CAR CO. AND PULLMAN-STANDARD.

CHICAGO TRANSIT AUTHORITY

MILEAGE OWNED, LEASED AND OPERATED

DECEMBER 31, 1947

	Surface Division	Rapid Transit Division	Combined System
TRACK OWNED OR LEASED:			
Owned	1,082.11	170.86	1,252.97
Leased	6.26	70.59	76.85
Total Track owned or leased.....	<u>1,088.37</u>	<u>241.45</u>	<u>1,329.82</u>
REVENUE AND NON-REVENUE MILEAGE:			
Revenue Miles Operated—			
Revenue track in operaton.....	902.17	207.39	1,109.56
Trolley bus lines (single way miles) in operation....	45.65	.....	45.65
Motor bus lines (single way miles) in operation.....	456.15	.....	456.15
Total Revenue Miles Operated.....	<u>1,403.97</u>	<u>207.39</u>	<u>1,611.36</u>
Non-Revenue Miles—			
Unused track	101.32	.....	101.32
Track in yards and car houses.....	84.88 (1)	34.06 (2)	118.94
Connecting and storage trolley bus line.....	10.21	.....	10.21
Total non-revenue miles.....	<u>196.41</u>	<u>34.06</u>	<u>230.47</u>
TOTAL MILEAGE	<u>1,600.38</u>	<u>241.45</u>	<u>1,841.83</u>

NOTES:

(1) Includes 4.80 Main Line Storage Track.

(2) Includes 14.19 Miles Service Tracks on Streets used by Work Cars, Pull-in, and Pull-out Cars, Emergencies, etc.

EXPENDITURES FOR TRANSPORTATION PROPERTY FOR THE PERIOD FROM OCTOBER 1, 1947 TO DECEMBER 31, 1947

	Surface Division	Rapid Transit Division	Total
TANGIBLE PROPERTY			
Track	\$227,924.03	\$91,787.01	\$319,711.04
Machinery & Tools.....	133,913.35	.....	133,913.35
Electric Line Equipment.....	104,785.28	.....	104,785.28
Buildings	139,625.78	2,077.50	141,703.28
Cars	2,889,738.36	12,939.95	2,902,678.31
Buses	1,433,110.31	.....	1,433,110.31
Work Trucks & Autos.....	47,354.23	.....	47,354.23
Furniture	14,580.75	1,700.70	16,281.45
	<u>\$4,991,032.09</u>	<u>\$108,505.16</u>	<u>\$5,099,537.25</u>
Engineering .....	.....	.....	5,216.30
General & Miscellaneous.....	.....	.....	72,000.00
Net Additions to Tangible Property.....	.....	.....	<u>\$5,176,753.55</u>
ORGANIZATION EXPENSE .....	.....	.....	6,408.60
Total net additions.....	.....	.....	<u><u>\$5,183,162.15</u></u>

CHRONOLOGY

CHICAGO TRANSIT AUTHORITY

April 12, 1945—	Metropolitan Transit Authority Act approved.
April 30, 1945—	Ordinance dated April 23, 1945 granting Transit Authority a fifty year exclusive franchise from the City of Chicago signed by the Mayor of the City of Chicago.
June 4, 1945—	Metropolitan Transit Authority Act adopted by voters of City of Chicago and Village of Elmwood Park and the City of Chicago ordinance granting franchise to Transit Authority was approved at referendum election.
June 6, 1945—	Illinois Commerce Commission found Public Ownership Plan to be in the public interest and most likely to bring about needed improvements.
June 28, 1945—	First meeting of Chicago Transit Board. The Board was organized for the transaction of business, and Mr. Philip Harrington was elected its first chairman.
July 10, 1945—	Chicago Transit Board officially accepted the City of Chicago franchise ordinance and the assignment of the City's Plans on file in the United States District Court for acquisition of Surface and Rapid Transit Lines. The Board adopted an ordinance providing for issuance of \$90,000,000 of its revenue bonds for acquisition of transit properties of Chicago Surface Lines and Chicago Rapid Transit Lines.
July 24, 1945—	The Governor of the State of Illinois approved "Park Acts" giving the Authority operating rights in Chicago Park District.
October 8, 1945—	Amended Proposal and Plan of Chicago Transit Authority for purchase of Chicago Surface Lines filed in the District Court.
October 15, 1945—	Amended Proposal and Plan of Chicago Transit Authority for purchase of Rapid Transit Lines filed in the District Court.
November 21, 1945—	The Supreme Court of the State of Illinois in ruling on an appeal from the lower Courts by the States Attorney of Cook County, who sought to enjoin the Authority from issuing bonds and questioned its powers, upheld the legality of the Metropolitan Transit Authority Act.
February 15, 1946—	Judge Igoe of the District Court filed opinions holding Chicago Transit Authority's Plans for

purchase of Chicago Surface Lines and Chicago Rapid Transit Lines to be fair and equitable, and feasible, and warranted their submission to the security holders.

May 15, 1946—

Trustees of Chicago Surface Lines and Chicago Rapid Transit Company filed reports in the District Court stating that security holders expressed their approval of the reorganization plans by assents ranging from 91 percent to 100 percent of the various classes voting.

June 17, 1946—

The District Court entered an order confirming the Plan for purchase of Chicago Surface Lines by Chicago Transit Authority. (Appeals were taken from this order by Series "B" bondholders of Chicago Railways Company and Minority stockholders of Chicago City Railway Company.)

September 30, 1946—

A petition of the City of Chicago for certain motor bus extensions and substitutions was heard and generally approved by Illinois Commerce Commission pursuant to an agreed program between Chicago Transit Authority, Chicago Surface Lines and City of Chicago to provide definite routes for 265 Surface Lines buses delivered during the last half of 1946.

November 25, 1946—

Oral arguments were heard by the U. S. Circuit Court of Appeals on the Chicago Surface Lines Reorganization Plan and the appeals were taken under advisement by the Court.

January 4, 1947—

United States Circuit Court of Appeals in ruling on the Surface Lines reorganization plan stated that the order of the District Court approving the plan and the order confirming the plan must be affirmed.

February 4 and 5, 1947—

The Chairman and other representatives of Chicago Transit Authority met in New York with representatives of Harris, Hall & Company (Incorporated), The First Boston Corporation and Blyth & Co., Inc., to discuss financing for purchase of the local transit properties.

February 26, 1947—

United States District Court entered an order for confirmation of the Plan for purchase of Chicago Rapid Transit System by Chicago Transit Authority.

March 7, 1947—

Sale of Surface Lines set by order of the United States District Court for April 22, 1947. The sale to be conducted by Walter A. Wade, who was appointed Special Master for this purpose.

March 19, 1947—	Sale of Rapid Transit Lines set by order of the United States District Court for April 22, 1947.
April 3, 1947—	Attorneys for certain Surface Lines "B" bondholders filed a petition with the Supreme Court of the United States for a writ of certiorari in the matter of the opinion of the United States Circuit Court of Appeals on January 4, 1947.
April 14, 1947—	United States Supreme Court denied petition of appellants for writ of certiorari on motion of Chicago Transit Authority to advance cause for hearing.
April 21, 1947—	United States Circuit Court of Appeals dismissed an appeal of certain "B" bondholders from the order of sale of Chicago Surface Lines.
April 22, 1947—	Sales to the Authority (as sole bidder) of the properties of Chicago Surface Lines and Chicago Rapid Transit Company, contingent upon the sale of bonds by the Authority, were held by Special Master Walter A. Wade at the Cook County Court House.
May 2, 1947—	Order entered by United States District Court confirming sale of transit properties to Chicago Transit Authority.
May 9, 1947—	Appointment of Mr. Frank McNair, as a member of Chicago Transit Board for term expiring September 1, 1949, became effective succeeding Mr. John Q. Adams, who resigned.
May 23, 1947—	The City Council of the City of Chicago, by ordinance, authorized the conveying to Chicago Transit Authority of rights to priority orders for 500 motor buses.
May 27, 1947—	Mr. Frank McNair appointed to the position of Vice-Chairman. Chicago Transit Board adopted a transit modernization program for the period 1947 to 1955 inclusive.
June 27, 1947—	Mr. Walter J. McCarter, appointed as General Manager of Chicago Transit Authority, effective as of the date when the Authority sells its initial issue of bonds. Mr. Bernard J. Fallon, appointed as transit consultant, effective as of the date when the Authority sells its initial issue of bonds.
July 10, 1947—	Official Statement of Chicago Transit Authority offering \$105,000,000 of Series of 1947 revenue bonds was approved by the board. The official

statement included a draft of the Ordinance authorizing the issuance of the bonds which ordinance incorporated, by reference, the form of trust agreement.

The First National Bank of Chicago designated as the Trustee and the Chicago paying agent of the bonds.

Harris, Hall & Company, (Incorporated), the First Boston Corporation and Blyth & Co., Inc., appointed to act as fiscal or bond agents to assist the Authority in the sale of its bonds.

July 24, 1947—

Appointment of Mr. Guy A. Richardson as a member of the Chicago Transit Board for the term expiring September 1, 1947, became effective to fill the unexpired terms of George F. Getz, Jr., who resigned because of ill health.

August 5, 1947—

This was the date for receipt and opening of bids for the sale of \$105,000,000 Series of 1947 bonds. No bids were received. Whereupon the Board immediately instituted proceedings for the sale of the bonds on the most advantageous terms obtainable. A bond sale agreement was entered into by the Authority with Harris, Hall & Company (Incorporated), The First Boston Corporation and Blyth & Co., Inc., whereby this Banking group agreed to buy all the bonds on stated terms if subscriptions for 80 percent were received by September 12, 1947.

August 18, 1947—

The Chemical Bank and Trust Company of New York City was appointed as New York paying agent and the Bank of America National Trust and Savings Association of San Francisco, California, was appointed as San Francisco paying agent for the Authority's Series of 1947 bonds.

September 1, 1947—

Appointment of Mr. Guy A. Richardson was made effective, as a member of Chicago Transit Board for the term expiring September 1, 1954.

September 2, 1947—

The Banking group deposited a check with the Authority in the amount of \$2,100,000 as a good faith deposit, pursuant to the terms of the agreement of August 5, 1947, and stated that all Series of 1947 bonds have been subscribed.

September 26, 1947—

An ordinance was adopted by the Board prescribing the rates and charges for the transit system operated by Chicago Transit Authority effective as of the date when the Authority acquires the local transit properties.

September 26, 1947—
(Continued)

Under this ordinance adult fares for rides within the City of Chicago were set at 10 cents on the Surface Division and 12 cents on the Rapid Transit Division while the combination Rapid Transit-Surface ride can be made for 12 cents.

An ordinance was adopted by the Board providing for the acquisition and operation by the Authority of the transit systems and for the issuance of revenue bonds in connection therewith and for the execution and delivery of a trust agreement for the Series of 1947 bonds.

An ordinance was adopted by the Board providing for the authentication and delivery of the Series of 1947 revenue bonds and providing for the allocation of the proceeds therefrom.

Resolutions were adopted by Chicago Transit Board providing for the appointment of general officers and for the transfer of employees of Chicago Surface Lines and Chicago Rapid Transit Company and Board of Supervising Engineers to the service of Chicago Transit Authority.

September 30, 1947—

The trust agreement between the Chicago Transit Authority and the First National Bank of Chicago, Trustee securing the Series of 1947 bonds, was executed and the bonds were delivered by the Authority to the Trustee. The bonds were authenticated and delivered by the Trustee to the purchasers and the purchasers delivered payment for the bonds. Whereupon payment was made by the Authority to the Special Master for the Trustees of Chicago Surface Lines of \$75,000,000 for the purchase price of those properties and payment was made to the Special Master for the Trustee of Chicago Rapid Transit Company of \$12,162,500 for the purchase price of those properties. Payments were also made for various adjustments. The Special Master then delivered bills of sale and property deeds to the Authority.

October 1, 1947—

Possession was taken of the properties formerly known as Chicago Surface Lines and Chicago Rapid Transit Company and operation was begun by Chicago Transit Authority as a unified system.

November 13, 1947—

Chicago Transit Board authorized the Chairman to appoint committees to handle various matters requiring consideration by the Board.

Policy of the Authority was defined with reference to applications by persons, corporations or

privately owned utilities for certificates of convenience and necessity to operate mass transportation carriers in the Metropolitan area.

November 19, 1947—

Chicago Transit Board approved procedure with respect to proposed or requested extensions of routes of Chicago Transit Authority.

November 21, 1947—

Hearing in the Federal District Court involving adjustment of the Damage Reserve Fund of the Surface Lines properties acquired under the reorganization plan. The matter was taken under advisement by the court.

December 15, 1947—

Public hearing on the budget for 1948.

December 16, 1947—

Bids received for 460 motor buses.

An ordinance was passed by the Board adopting a budget and making appropriations for the fiscal year 1948 for operation and maintenance expense, pensions, interest, amortization of bond expense and revenue bond reserve fund; also for capital expenditures.

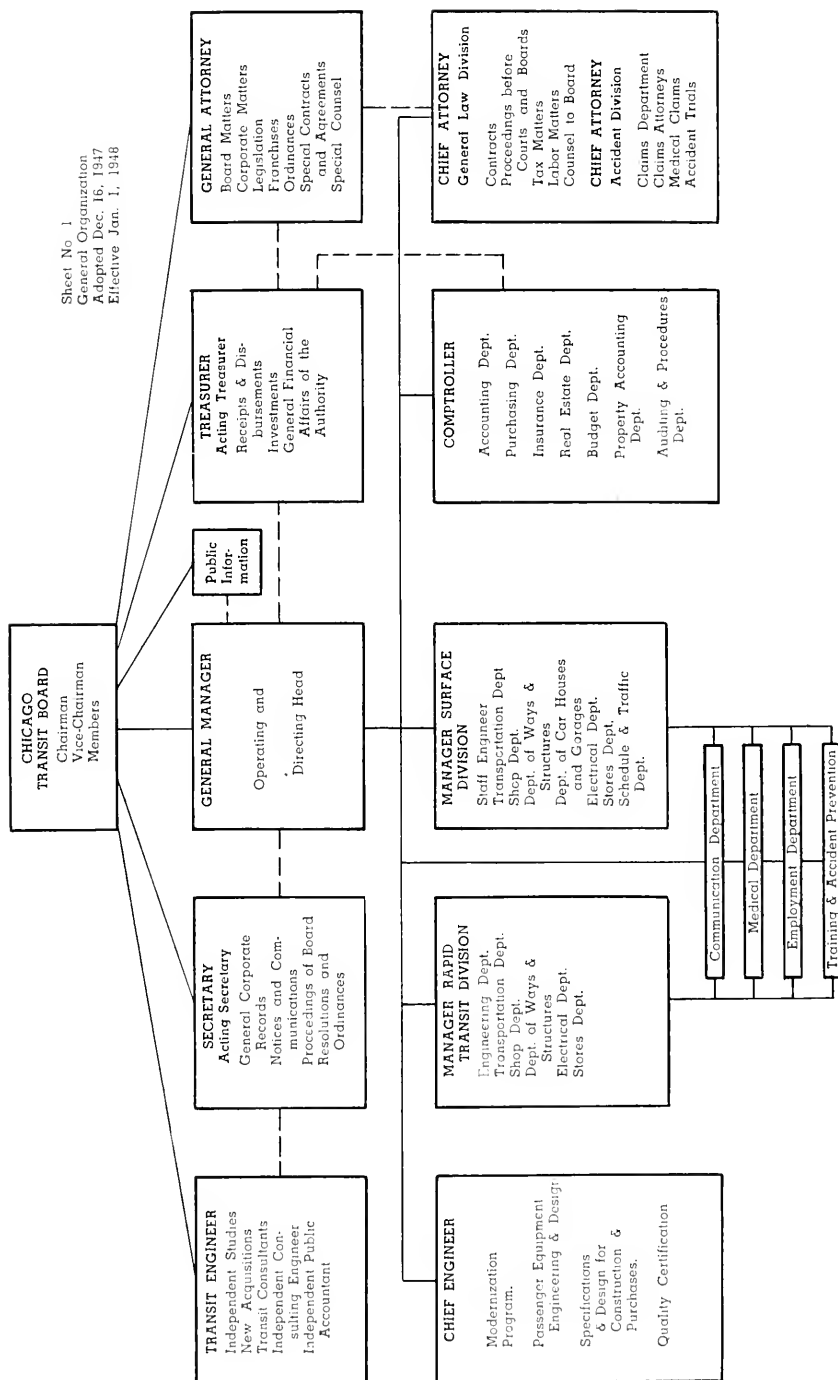
December 20, 1947—

Contract for 100 motor buses awarded to Twin Coach Corporation, the first item for which bids were received on December 16.

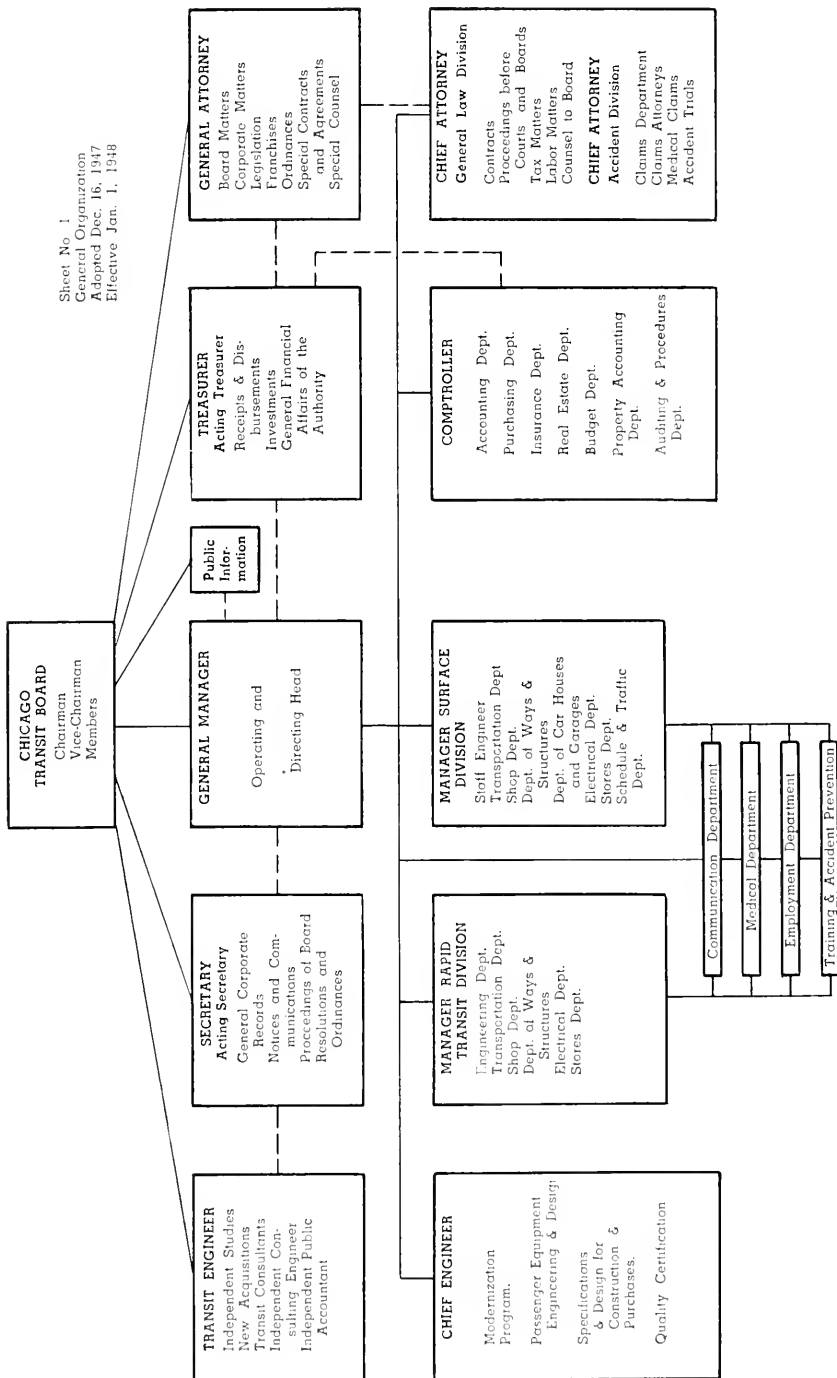


FLEXIBILITY AND LOWER OPERATING COSTS ARE TWO ADVANTAGES GAINED BY CTA IN REPLACING STREETCARS WITH BUSES LIKE THIS WHITE BUS.

ORGANIZATION OF CHICAGO TRANSIT AUTHORITY



ORGANIZATION OF CHICAGO TRANSIT AUTHORITY



LEGEND

SURFACE ROUTES

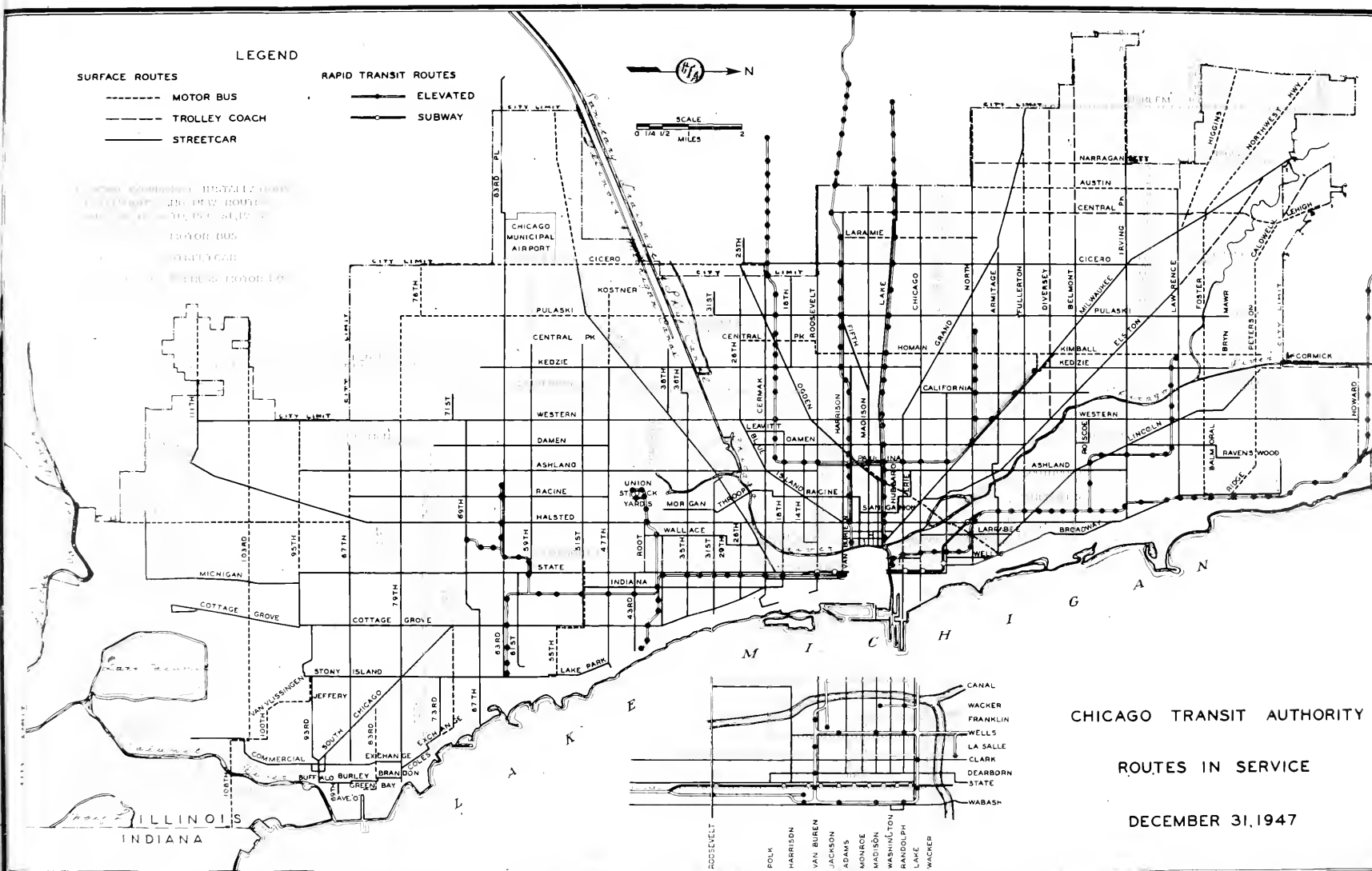
- MOTOR BUS
- TROLLEY COACH
- STREETCAR

RAPID TRANSIT ROUTES

- ===== ELEVATED
- SUBWAY



SCALE
0 1/4 1/2 MILES



CHICAGO TRANSIT AUTHORITY

ROUTES IN SERVICE

DECEMBER 31, 1947



FOURTH ANNUAL REPORT

1948



Chicago Transit Board

OF THE

CHICAGO TRANSIT AUTHORITY

CHICAGO TRANSIT AUTHORITY

Fourth Annual Report

OF CHICAGO TRANSIT BOARD

for the Fiscal Year
ending December 31, 1948

Philip Harrington

Chairman

Irvin L. Porter

Treasurer

Frank McNair

Vice-Chairman

William W. McKenna

Secretary

Philip W. Collins • Philip Harrington • William W. McKenna
Frank McNair • Irvin L. Porter • James R. Quinn • Guy A. Richardson

Walter J. McCarter

General Manager

Werner W. Schroeder

Acting General Attorney and Special Counsel





PHILIP HARRINGTON

JANUARY 18, 1896 — FEBRUARY 11, 1949

Chairman, Chicago Transit Board

JUNE 28, 1915 — FEBRUARY 11, 1949

CHICAGO TRANSIT AUTHORITY AND ITS RESPONSIBILITY

By Philip Harrington, Chairman

Chicago Transit Board

Chicago Transit Authority is an agency unique in American public utility practice. While it is endowed with certain governmental powers, yet it is being financed entirely with private capital. It has no tax revenues of any kind.

It came about by joint recommendation of the Federal Court, the Mayor of Chicago and the Governor of Illinois, as the only solution of a muddled traction situation, which for twenty-five years, had denied to Chicago a modern transit system.

The plan for public ownership was endorsed by the leading business, banking, and real estate interests, and by the Association of Commerce. It was adopted by practically unanimous vote of the General Assembly and the City Council, and approved by an overwhelming majority at public referendum.

Its responsibility is to provide a first-class, unified local transportation system and to operate it at cost.

To accomplish this purpose:

1. CTA must obtain \$150,000,000 from private capital sources and earnings to make the improvements required.

(This means that private investment sources must be satisfied that the management is being conducted on sound business principles, with purchasing and employment practices free of favoritism or political preferences. The purchase of CTA bonds is, in reality, "venture" capital, because it has no mortgage lien, and must look entirely to revenues and income for payment.)

2. CTA must protect and improve revenues by encouraging more use of public transportation.

(This means that over one and one-half million daily users must be satisfied that CTA is providing the best possible service at the lowest possible cost and that management is efficient, economical and free from outside influences.)

3. CTA must impress upon its 20,000 employes the need for strict attention to duty and courteous relations with the public.

(This means that appointments must be based upon qualifications and promotion on merit and seniority, with discipline for infraction of rules strictly and justly enforced. Any breakdown in morale of this large operating force would be fatal to efficiency and to good public relations as well as to financial credit.)

Furnishing local transportation in a large city is a far more complex problem than in other governmental or public utility functions. Not only is it a highly competitive enterprise (as

CHICAGO TRANSIT AUTHORITY

distinguished from electricity, gas or telephone); it also comes in more intimate daily contact with the personal comforts and convenience of about one-half the entire population. Patrons can very quickly be favorably or adversely affected by the conduct or inefficiency of CTA employees or service. Likewise, any impression that the management is not performing properly can very quickly impair patronage as well as damage the financial credit which CTA must have to continue its improvement program.

At the end of its first full fiscal year, CTA is beginning to establish itself as a successful experiment. A good start (about \$57,000,000) in physical improvements has been made; substantial economies have been effected, with the results that its financial operations are now slightly in the black; its outstanding bonds (\$105,000,000) have recovered in market quotation from the low eighties to approximately par; it has budgeted \$26,000,000 in more new equipment for 1949, of which about \$14,000,000 must be financed through the sale of additional bonds; the morale of its personnel is high, and it is believed that public confidence in the job it is trying to do is generally good.

The members of the Chicago Transit Board look forward with confidence to the coming year, during which the gains made to date can be consolidated and expanded.

Prepared November 1, 1948,

Revised January 6, 1949.

Read to the Board January 7, 1949.

*A Resolution by Chicago Transit Board Extending Sympathy to the Family
of Chairman Philip Harrington.*

WHEREAS, By the untimely passing of Philip Harrington, Chairman of Chicago Transit Board, we, the members of the Board, are deeply sorrowed; and

WHEREAS, Chicago Transit Board and this community have lost a forceful and creative leader—a man of outstanding intellectual, engineering and organizing ability and high moral character, who had so long and so unselfishly employed his exceptional talents in the building of a better Chicago; and

WHEREAS, His courageous fighting heart and spirit, which endeared him to all who knew and were associated with him, were never so evident as during the past year when, despite the handicap of ill health, he continued to participate actively in guiding the affairs and establishing the policies of the Board and Chicago Transit Authority; and

WHEREAS, In our profound sorrow there is also a deep sense of pride in his many achievements, particularly his major part in conceiving and bringing to reality Chicago's three most important public improvement programs in this generation—the design and construction of the initial system of subways, the planning of the comprehensive system of superhighways now entering the construction stage, and the extensive modernization of Chicago's local transit facilities which is now going forward:

NOW, THEREFORE, BE IT RESOLVED, That, as a mark of respect and a tribute to Mr. Harrington and his contributions to Chicago's civic progress, the business of Chicago Transit Authority, including the operation of its local transit vehicles, be stilled for one minute, beginning at 11:00 A.M., February 15, 1949; and

BE IT FURTHER RESOLVED, That we, the Members of Chicago Transit Board, extend to his family our sincere and heartfelt sympathy, that these resolutions be spread upon the minutes of this special meeting of Chicago Transit Board, and that an engrossed copy of these resolutions be conveyed to Mr. Harrington's family.

ADOPTED:

William H. McKenna

Secretary

February 14, 1949

APPROVED:

Gary A. Richardson
Vice-Chairman

February 14, 1949

*A Resolution Submitted by Honorable Martin H. Kennelly, Mayor of the
City of Chicago and Adopted Unanimously by the
City Council on March 2, 1949.*

WHEREAS, with deep sorrow and sense of loss, the City Council of the City of Chicago has learned of the death, on February 11, 1949, of Philip Harrington, Chairman of the Chicago Transit Authority; and

WHEREAS, Philip Harrington's entire adult life was spent in notable service of the people of the City of Chicago and of the Chicago Metropolitan Area, commencing in 1906 with his employment by The Sanitary District of Chicago as a rodman, from which humble station he rose by his outstanding merits to a series of positions of pre-eminent public trust and responsibility which he filled with great honor and distinction—Chief Engineer of The Sanitary District of Chicago, Special Traction Engineer of the City of Chicago, Commissioner of Subways and Superhighways of the City of Chicago, member of the Metropolitan Transit Authority and Chairman of the Chicago Transit Authority, in addition to his patriotic service during World War II as Chief of Communications and as Administrator of Defense Transportation of the Chicago Metropolitan Area; and

WHEREAS, he was the author of the Comprehensive Transportation Plan for the City of Chicago, and of the Comprehensive Superhighway Plan for the City of Chicago, and was the engineer in charge of and responsible for the construction of the first subway for local transportation ever built in the City of Chicago; and

WHEREAS, his service, his manner and his character expressed in the great works which will always be monuments to his name can best be measured by the admiration and affection he inspired in those who knew him, for to them the privilege of knowing him is unforgettable; now, therefore, be it

RESOLVED, that in the death of Philip Harrington the City of Chicago has lost a valuable and beloved citizen, a zealous servant and a sincere friend, and that in recognition thereof this resolution be spread upon the records of the City Council and a copy, suitably engrossed, be presented to his bereaved family as a testimonial of heartfelt admiration of the man and sympathy for his family.

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Financial

Chicago Transit Authority ended 1948, its first full calendar year as well as its first complete fiscal year of local transit operations, with a balance of \$116,320 after having met all its fiscal requirements, including provision for maintenance and operating expenses, interest charges, depreciation and deposits in bond reserve, operating expense reserve and municipal compensation reserve accounts. The remaining balance of \$116,320 has been set aside for continuing the modernization of its equipment and facilities.

The accompanying balance sheets as of December 31, 1948 and December 31, 1947, and the related statements of income, of funds, and of application of revenues, all of which have been certified by Arthur Andersen & Co., independent public accountants, set forth both the financial position of the Authority on those dates and the results of its operations and fund transactions for the fiscal year ended December 31, 1948.

Operating Results for the Year

Following is a condensed summary showing total revenues for the year and the application thereof as provided for by the Trust Agreement securing the Authority's Series of 1947 Revenue Bonds:

Revenues		\$115,645,824
Operation and Maintenance Expenses		103,033,793
		<u>12,612,031</u>
Interest		3,816,250
		<u>8,795,781</u>
1947 Revenue Bond Reserve		1,284,000
		<u>7,511,781</u>
Depreciation:		
Requirement for 1948	\$ 5,400,000	
Accumulated deficit from prior period	810,015	6,210,015
		<u>1,301,766</u>
Operating Expense Reserve Fund		150,000
		<u>1,151,766</u>
Provision for Municipal Compensation		1,035,446
		<u>116,320</u>
Balance (appropriated in 1949 for Modernization)	\$	

The number of passengers originating their rides on the lines of the Authority during the year was 963,001,195 as compared to 1,031,335,079 during the year 1947. The decline in number of passengers in the early part of the year was consistent with the national trend in local transportation riding. This decline in riding was somewhat further accentuated by the increases in fares inaugurated by the Authority as hereinafter referred to.

OPERATING RESULTS

A summary of the various sources of revenues received by the Authority during the year 1948 follows:

Revenues	Surface System	Rapid Transit System	Total
Passenger			
Passenger receipts	\$ 93,248,193	\$ 19,832,014	\$113,080,207
Chartered service	18,006	1,208	19,214
Post Office employees	325,493	-----	325,493
	<u>\$ 93,591,692</u>	<u>\$ 19,833,222</u>	<u>\$113,424,914</u>
City Nurses			23,306
Total Passenger Revenues			<u>\$113,448,220</u>
Other			
Station and car privileges			1,276,077
Rent of tracks and facilities			492,646
Rent of equipment			1,907
Rent of buildings and other property			267,884
Miscellaneous revenues			159,090
			<u>\$115,645,824</u>

During the early months of the year the loss in revenues resulting from the lower traffic, coupled with sharp increases in labor costs and in prices of materials and supplies used by the Authority, resulted in failure to earn a sufficient amount in those months to provide for the deposits to the funds required by the Trust Agreement, notwithstanding the fact that sizeable economies in operation and maintenance costs had been effected by the Authority.

It was, therefore, apparent that, under the provisions of the Metropolitan Transit Authority Act and the Trust Agreement securing the Series of 1947 Revenue Bonds, fares would have to be increased to produce revenues sufficient to provide for all necessary requirements, accordingly a fare increase was inaugurated on May 11, 1948. A second fare increase was made effective June 20, 1948, after wage costs were increased as of June 1 as a result of new wage agreements negotiated as of that date. The nature of the fare changes is detailed elsewhere in this report.

The principal elements comprising operating and maintenance expenses for the year 1948 are set forth below:

Wages and salaries	\$ 75,107,473
Operating materials and supplies	6,545,460
Power purchased	7,593,242
Motor fuel consumed	1,857,708
Provision for injuries and damages	5,782,291
Employees insurance	1,078,367
Other insurance	131,859
Pensions	1,333,522
Miscellaneous services and supplies, etc.	3,603,871
	<u>\$103,033,793</u>

CHICAGO TRANSIT AUTHORITY

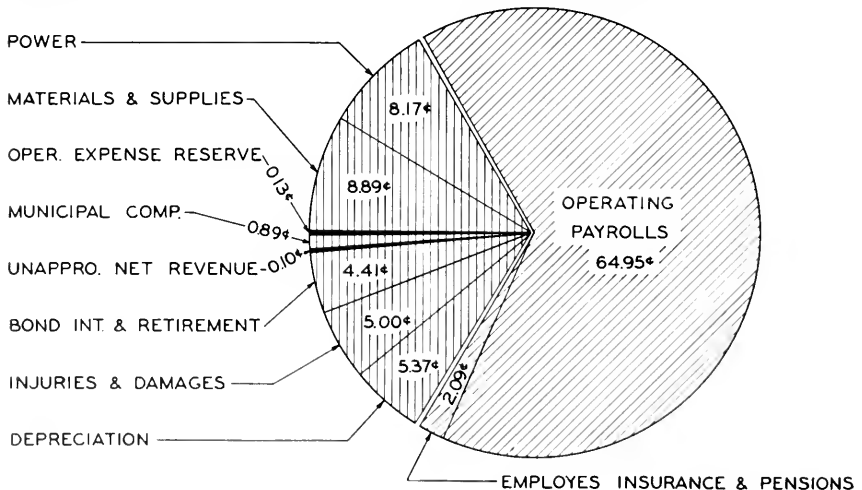
Based on a review of the cost of plant and equipment and estimated remaining useful lives, the Transit Board authorized the provision of \$5,400,000 for depreciation for the fiscal year 1948 and an equivalent amount was deposited in the Depreciation Reserve Fund. In addition, the Transit Board directed that an additional \$810,015 be deposited in the Depreciation Reserve Fund to cover the amount not earned during the last three months of 1947, the initial period of the Authority's operations. At December 31, 1948, deposits had been made to cover the full requirements for depreciation accruing since commencement of operations on October 1, 1947.

On December 16, 1947, the Board adopted an ordinance, in accordance with the provisions of Section 703 of the Trust Agreement, providing for deposits not to exceed \$50,000 in the "Operating Expense Reserve Fund" in each month in which there are earnings available. Under this ordinance there was deposited in the Operating Expense Reserve Fund \$50,000 for each of the months of October, November and December; these deposits, amounting to \$150,000, remained in this fund as of December 31, 1948. On December 1, 1948, because of higher operating costs, the Board by Ordinance No. 32 provided for increasing the deposits to the Operating Expense Reserve Fund, effective January 1949, to an amount not to exceed \$75,000 for any month in which there may be earnings available therefor.

Revenues for the year were sufficient to enable the Authority to deposit the required amount of \$1,035,446 in the municipal compensation fund, from which fund compensation in full for the year 1948 was paid in 1949 to the City of Chicago for use of City streets, subways, etc., in accordance with the terms of the City Ordinance of April 23, 1945.

After provision had been made for all prior requirements there remained a balance of \$116,320 which, under the provisions of the Trust Agreement, is available for further modernization and was appropriated for this purpose in 1949.

DISTRIBUTION OF C.T.A.'S 1948 REVENUE DOLLAR



BALANCE SHEET COMMENTS

Balance Sheet Comments

A comparison of the balance sheets as of December 31, 1948 and 1947, condensed from the statements certified by Arthur Andersen & Co., included elsewhere in this report, is shown below:

Assets	At Dec. 31, 1948	At Dec. 31, 1947
Transportation Property, at cost	\$100,196,681	\$ 78,816,180
Less reserve for depreciation	5,876,638	1,171,709
	<u>\$ 94,320,043</u>	<u>\$ 77,644,471</u>
Special Funds (including \$3,957,024 at Dec. 31, 1948 and \$17,879,405 at Dec. 31, 1947 for modernization program)	10,275,155	20,138,895
Current Assets	21,795,597	28,982,952
Deferred Charges	234,242	198,987
	<u>\$126,625,037</u>	<u>\$126,965,305</u>
 Liabilities		
Revenue Bonds, Series of 1947	\$105,000,000	\$105,000,000
Accumulated Net Revenues (or deficit*)	1,871,320	489,015*
Current Liabilities (including \$153,195 at Dec. 31, 1948 and \$4,566,101 at Dec. 31, 1947 for purchase price adjustments)	9,548,026	14,629,455
Reserves	10,205,691	7,824,865
Commitments, under modernization program, approximately \$6,500,000 Contingent liability for 1947 taxes on acquired property, approximately \$600,000	<u><u>\$126,625,037</u></u>	<u><u>\$126,965,305</u></u>

Transportation properties, before depreciation, as recorded on the books at December 31, 1948 show an increase of \$21,380,501 since December 31, 1947. Gross additions amounted to \$22,199,449, which, after deducting retirements of \$818,948, resulted in the net increase shown above. The gross additions represent principally the acquisition of new vehicles in the amount of \$17,385,629, additions to track \$1,676,323, land \$516,291, electric lines \$774,985, and buildings \$937,485. The balance of \$908,736 consisted of new machinery, furniture and other miscellaneous items.

CHICAGO TRANSIT AUTHORITY

Retirements consisted principally of 728 street cars and 111 gas buses which were replaced by the new and modern vehicles acquired as above referred to. The remainder of the property retired consisted primarily of 109 old elevated cars and of track and overhead electric line in streets where gas bus or trackless trolley operation had supplanted street car operation. These old and obsolete cars and other property had been recorded on the books of the Authority at the date of acquisition at their estimated scrap value.

All deposits required to be made during the year to the funds provided for in the Trust Agreement were made. There is shown in a succeeding section of this report the balance in each of these funds as of December 31, 1948.

The accumulated net revenues of \$1,871,320 as of December 31, 1948 compare with an accumulated net deficit of \$489,015 as of December 31, 1947.

The principal reduction in Current Liabilities resulted from the settlement during the year of most of the purchase price adjustments with the former owners of the properties acquired by the Authority on October 1, 1947. These settlements are referred to in greater detail in another section of this report.

Reserves as of December 31, 1948 included an amount of \$8,274,450 for estimated injury and damage liability at that date compared to \$7,526,389 as of December 31, 1947. In establishing this reserve at an amount of \$7,000,000 at September 30, 1947, full consideration was given to the expected cost to liquidate the unsettled claims and lawsuits taken over by the Authority from the prior owning companies. Since that date the Authority has provided \$7,308,240, of which \$5,782,291 was provided in 1948 for settling claims and lawsuits originating from operations of the Authority. Payments by the Authority in settling damage lawsuits and claims since September 30, 1947 have amounted to \$6,033,790, a substantial portion of which was paid for the settlement of claims taken over from the owning companies. The cost of settling damage lawsuits and claims has shown a steadily rising trend during recent years, which has been recognized by the Authority in its provisions for this liability. Close attention and much emphasis is being given to every available means of preventing accidents and reducing the cost of settling those which do occur.

Reserves at December 31, 1948 also included an amount of \$1,931,241 provided for the payment of pensions to employes. This compared with an amount of \$298,476 at December 31, 1947. The above amounts were the year-end balances in the fund to which the Authority and its employes contributed equal amounts and from which payments to retired employes are being made pending the negotiation of an agreement with the employes for a permanent pension plan.

Status of Funds

The balances as of December 31, 1948 in the various funds, required to be established by the Trust Agreement or provided for the operation of the Authority, which are set forth in detail in the financial statements (Statement of Funds) that are a part of this report, are summarized below:

SETTLEMENT WITH FORMER OWNERS

Funds Under Control of Trustee

Transit Revenue (balance transferred to Modernization Fund in 1949)	\$ 116,320	
Series of 1947 Interest	1,908,020	
Series of 1947 Revenue Bond Reserve	1,605,000	
Depreciation Reserve	2,667,521	
Operating Expense Reserve	150,000	
Municipal Compensation Reserve	1,035,447	
Modernization	36,814	
Special Modernization	1,252,689	\$ 8,771,811

Other Funds

Damage Reserve	\$2,555,361	
Held for Payment of Pensions	1,931,241	
Working Cash	9,854,861	
Reserved for Payment of Purchase Price Adjustments	270,739	14,612,020
Total Funds		<u>\$23,384,013</u>

The above statement of funds gives effect to certain transactions which were recorded in the accounts of the Authority but for which cash transfers could not actually be made until after December 31, 1948.

As of December 31, 1948 funds of the Authority in the amount of \$10,432,491.40 were invested in U. S. Government securities, of which \$8,686,830.91 represented investments of funds under control of the Trustee and \$1,745,660.49 of other funds.

Settlement with Former Owners

A preliminary settlement of purchase price adjustments had been effected with the prior owning companies when the operating properties were acquired on September 30, 1947. These preliminary settlements were based on the balances shown by the books of the prior owners as of August 31, 1947.

Thereafter, on April 13, 1948, the Board took action providing for settlement with the Trustee of the Chicago Surface Lines of certain purchase price adjustments, such as prepaid expenses, amounts collected by or contributed towards payment of pensions, a final settlement for materials and supplies taken over, and the final settlement of the Chicago Surface Lines Renewal and Depreciation Reserve and Special Renewal and Equipment funds. Provision was also made for placing in escrow certain funds for the payment of 1947 general taxes assessed against the Surface Lines properties.

Subsequent to the acquisition of the properties by the Authority there had been held a series of meetings and negotiations between the Acting General Attorney and Special Counsel, Werner W. Schroeder, and certain members of the Board, on one hand, and John E. Sullivan, Liquidating Trustee, and the committees representing the bondholders, on the other hand, with respect to certain claims amounting to approximately \$16,000,000 filed against the Authority

CHICAGO TRANSIT AUTHORITY

for sums alleged to be owing by the Authority to the Trustees and Receivers of the Chicago Surface Lines companies under the plan of reorganization. As a result of these negotiations an agreement was reached and was confirmed by action of the Board on August 19, 1948, whereby the Trustee and the bondholders groups accepted from the Authority that portion of the Damage Reserve Fund (\$2,450,535.30), which had been deposited in escrow with Walter A. Wade, Special Master, in full settlement of those claims against the Authority amounting to approximately \$16,000,000.00. This settlement, confirmed by final Court order, accomplished a final disposition of all unsettled claims except certain relatively small items involving claims by the Authority against the Trustee or the Trustee against the Authority which it is expected will be settled during the year 1949.

Final settlement is expected to be consummated early in 1949 with the Trustee of Chicago Rapid Transit Company for purchase price adjustments. Provision has been made in the balance sheet for this liability.

Operating and Construction Budgets

On December 1, 1948 the Board approved an increase from \$94,315,417 to \$102,823,417 in the annual operating budget, before depreciation and bond service charges, for the fiscal operating year January 1, 1948 to December 31, 1948. This increase was required to cover greater costs due to rising prices and increases in wage rates. The depreciation accrual for the year 1948 had been increased during the year from \$5,200,000 to \$5,400,000 to provide for depreciation of the new equipment purchased.

Prior to October 1, the tentative budget for 1949 had been prepared, approved by the Chairman and General Manager, and filed with the Secretary of the Authority, with the Trustee and with the Consulting Engineers (W. C. Gilman & Company), as required by the Trust Agreement. After review by the engineers and after further suggestions of the Board



Delivery of 130 new type all-metal elevated-subway cars is to start in 1949.

and the management had been incorporated, the tentative budget was made available for public inspection and a public hearing was held on December 9.

On December 16 an ordinance was passed by the Board adopting the budget for the fiscal year 1949, amounting to \$105,602,174 for Operation and Maintenance Expense, \$1,600,000 for the Authority's contribution to the Pensions and Retirement Fund, \$3,816,460 for Bond Interest Charges and \$1,284,000 for the Revenue Bond Reserve Fund. As part of this ordinance a budget of \$26,521,900 was adopted for Capital Expenditures. The budget as adopted, had been approved by the Consulting Engineers who were appointed in accordance with the Trust Agreement.

The monthly deposit to the Operating Expense Reserve Fund was increased, effective January 1, 1949, from \$50,000 per month to \$75,000 per month, if earned in the particular month. The accrual for the Depreciation Reserve has been increased to \$6,500,000 for 1949, principally to provide for depreciation determined on the straight-line-age-life basis, of transportation property acquired during 1948.

Operations During 1948

The local and rapid transit services provided by the Authority were substantially improved in 1948. In a year's time, the seat miles per passenger carried were increased approximately 14 percent. Periodic traffic checks and schedule changes were made and other steps taken to assure continuing adequacy and reliability of service, and to assure efficient, economic operation.

New equipment placed in service, the substitution of buses for streetcars on a number of routes, changes in routes, the improved manpower situation, and closer coordination of Authority activities, all contributed materially to the improved service.

The new equipment received during the year enabled the Authority to place modern rubber-tired or rubber-insulated vehicles on more than 300 single-way miles of streetcar routes, thereby improving service and materially reducing the noise level on these routes.

By the year end, approximately 735 single-way miles of surface routes had been equipped with modern, noise-proofed streetcars and buses since the start of the modernization program in 1945, and nearly 45 per cent of the rides originating every weekday were originating on modern equipment.

Service betterments during the year included improved frequency and a higher standard of service on both the surface and rapid transit systems, and a good start on the inauguration of all-express service on the CTA's rapid transit system.

In cooperation with the City of Chicago and other public agencies, the Authority took a number of important steps to minimize the effect of traffic problems upon its service. Rush hour "no parking" regulations were applied to Madison Street in the direction of heaviest travel, and plans were prepared for extending these restrictions to other major local transit routes. More effectively to combat the effect of snow, sleet and ice on streets where it operates local transit services, the Authority joined with the City and other public agencies in pooling snow and ice-fighting equipment. Coordination of the City's paving program with the Authority's bus substitution schedule also contributed to improved service and to the movement of street traffic.

The complexity of modern equipment being placed in service prompted the Authority to expand rapidly its training program for maintenance men. This expansion included enlarge-

ment of the maintenance school at the Division-Western carhouse, and the development of plans eventually to give training and instruction to all employes engaged in equipment maintenance.

Through this expanded training and instruction program, economies in operation were achieved, and service was improved because of the more efficient performance and increased availability of equipment. Workmanship standards were raised, and employes' interest in their work, and pride in their increased skill were stimulated.

A restudy was made of practices in many departments. For example a review of fire insurance values resulted in the Board establishing a new formula for insuring the rolling stock of the Authority. This new formula depreciates the cost new of the rolling stock on a straight line basis down to 20 percent at which point no further depreciation is accrued, for insurance purposes, so long as the equipment remains in active service. The two former operating systems, in general, had stopped their depreciation at a maximum of 50 percent.

Adoption of the new formula reduced the insurable value of the rolling stock on the Surface system \$23,000,000 and on the Rapid Transit system \$14,400,000, and resulted in an annual reduction of \$55,000 in the fire insurance premiums.

Thereafter the various departments, in cooperation with the insurance Department, set up formulas for determining the insurable value of the remaining property of the Authority. This produced more uniform coverages, and, with new blanket coverage adopted as the result of an insurance audit, will simplify modifications in coverage occasioned by property retirements and additions.

Fare collection methods were intensively studied to determine the methods and mechanical devices most efficient and conducive to improved service. A number of fare collection devices were inspected, and several were tested in actual operation.

One type, an electrically operated coin registering device, was selected and given further intensive tests on buses operated on the Archer Avenue and Skokie bus routes. As a result of these tests, the management and the Board ordered 1,000 devices of this type for installation on CTA buses. Additional orders were provided for in the budget adopted for 1949. Deliveries and installations were scheduled for the early months of 1949.

Studies of fare collection methods were continued, however, to keep the Authority fully informed of the latest developments in this field of local transit operations.

To keep the public advised of its modernization activities, the Authority adopted and adhered to a policy of announcing at intervals the improvements planned for several coming months. This procedure permitted the management and the Board to give proper recognition to all factors existing immediately prior to the proposed changes.

Surface Route Improvements

During the year new bus service replaced streetcar service on 178 round trip miles of route. Bus service was extended over 12 round trip miles of route. The miles of streetcar track in operation were reduced from 902.17 to 739.18. The miles of bus route were increased from 501.80 to 692.25.

In addition to the Clark-Wentworth streetcar line which had been equipped with modern PCC cars in 1947, the new streetcars completely replaced the older cars on the Broadway-

SURFACE ROUTE IMPROVEMENTS

State, Madison Street and Western Avenue lines, and the modern streetcars were operated on the Halsted-Downtown route during the base period of the day. Another route, 63rd Street, was equipped with the earlier type of modern PCC streetcar.

New motor buses replaced streetcars on 59th-61st Street, 31st Street, 26th Street, 18th Street, 14th-16th Street, Archer Avenue, the Rosehill branch of the Lincoln-Rosehill line, Morgan-Racine, Pershing Road, South Damen, South Deering-Windsor Park, 63rd Extension, and Harrison Street. New trolley buses were placed in service on Montrose Avenue, 55th-51st Street and Irving Park Road.

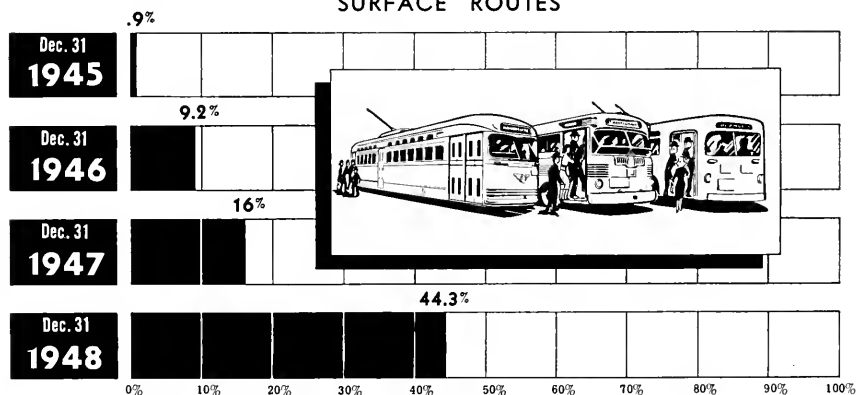
With the establishment of all bus service on Archer Avenue the previous express bus service was expanded and speeded up. This express bus service, which operates at a fifteen cent fare, offers a 20 percent saving in travel time as compared with local service between the Municipal Airport and the downtown area. Local buses are available at the basic rate for those who take short rides in local areas or for those to whom speed is relatively unimportant for longer trips.

When the new streetcars were placed on Western Avenue, turnaround terminals for the single-end cars were constructed at 79th Street, and at Berwyn Avenue. Service on the outer ends of this line was materially improved by the establishment of feeder bus service on close headways operated between 79th Street, and 119th Street, on the south, and between the Western Avenue "L" station (Ravenswood branch) and Howard Street on the north.

Previously, service on the outer ends of this long streetcar line, which totaled 22½ miles from end to end, had been subjected daily to serious service interruptions occasioned by traffic delays on the more congested sections of the route. Operating independently of the streetcars the feeder bus service was no longer affected by traffic delays on the streetcar portion of the route, and was able to provide regular, dependable service.

Featuring the service changes on Western Avenue, was the extension of the north end feeder bus service to a direct, off-the-street connection with the Western Avenue "L" station at Leland Avenue. This was the first of a number of similar connections between surface and

RIDES ORIGINATING ON MODERN EQUIPMENT SURFACE ROUTES



CHICAGO TRANSIT AUTHORITY

rapid transit services contemplated by the management at suitable points throughout the CTA system.

Construction of a modern bus terminal as an addition to the Western Avenue "L" station, as well as off-the-street platform shelters for the interchange of bus and streetcar passengers at 79th and Western, and at Berwyn and Western, was underway at the year end.

As the first step in a program to obtain maximum use of the CTA's fleets of new equipment, modern buses were substituted for streetcars on the North Damen Avenue line for week-end operation.

By extending this procedure to other lines, where less equipment is required on week-ends because of lighter travel, the management hoped to operate new equipment week-ends on most of its surface routes, and thereby make available the benefits of the modern equipment to more of its riders.

Rapid Transit Improvements

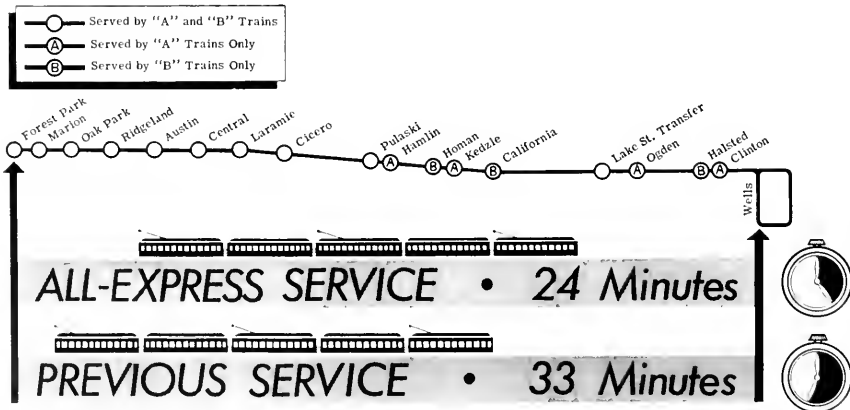
Foremost among the year's achievements was the development of techniques for speeding up Chicago's rapid transit service.

For more than 40 years, the rapid transit system had been in direct competition with surface transit for local riders. Consequently the operating advantages of a private right-of-way, free from street traffic interference were not fully realized.

These techniques were first applied on the Lake Street branch of the "L" where it had long been evident that express-speed schedules could not be maintained so long as both express and local trains were operated over its limited track facilities.

The all-express Lake Street "L" service, operating from early morning until early evening, was established April 4. Express speed was attained by eliminating local service during the hours of heaviest travel, by closing ten low traffic stations, and by placing seven other stations on a skip-stop basis for alternate trains. These measures reduced trip time for riders 20 to 30 percent, substantially cut the intervals between trains, and produced a 13 percent overall improvement in service without requiring any more equipment than had been used to operate the former local and express services. Riding volumes increased $6\frac{3}{4}$ per cent, producing

LAKE ST. ALL-EXPRESS "L" SERVICE



NEW EQUIPMENT

a net increase of \$100,000 in annual revenue. Operating expenses, at the same time, were reduced \$200,000 annually.

Substitution of a frequent and reliable bus service, provided by modern equipment, for the shuttle trains operated between the Howard Street "L" station and the Village of Skokie was another important improvement accomplished during the year. Being more accessible to the riding public, the bus route produced an immediate and substantial increase in rider volume. Operating costs of the Howard-Skokie service were also reduced. Among these benefits was the elimination of annual rental payments of \$126,000 for use of the tracks of the Skokie division of the Chicago, North Shore and Milwaukee railroad.

Shortly before the end of the year, a proposal developed by staff engineers for inaugurating all-express service on the north-south branches of the rapid transit system was presented by the Chairman to the Local Transportation Committee of the City Council. Further public discussions of the proposal will be held early in 1949 preliminary to action by Chicago Transit Board.

New Equipment

Deliveries of new surface route equipment, totaling 880 units, set an all time record, being the largest number ever received during any one year in the history of local transit in Chicago.

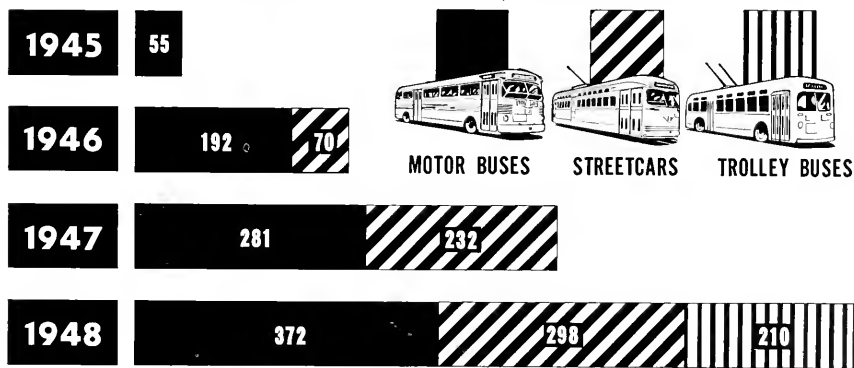
All of this equipment—372 motor buses, 210 trolley buses and 298 streamlined streetcars—was placed in service. However, 48 new trolley buses, which temporarily replaced older models, were scheduled to be reassigned to a major crosstown route when terminal facilities for the route can be completed.

At the year end, the Authority was operating a total of 1,714 new, modern units of equipment, which had been received since 1945 when the current modernization program was started. This new equipment permitted the scrapping of 1377 surface vehicles for salvage, 727 units being scrapped in 1948. About 100 of the older rapid transit cars were also scrapped.

Four of the units of new equipment are all metal three-compartment, articulated subway-elevated cars. Two of these cars were received in 1948, completing the order for that type of car.

NEW MOTOR BUSES, STREETCARS and TROLLEY BUSES

DELIVERIES BY YEARS, 1945 - 1948



A new and improved single unit rapid transit car design was developed during the year, and 130 motor cars of this design were ordered from the St. Louis Car Company on August 19, after competitive bids had been received by Chicago Transit Board. The contract price was \$36,328.33 per car, subject to whatever adjustments up or down, may result from escalator clauses in the contract.

The new car is to be built on standard PCC trucks and is to embody most of the features of the latest PCC streetcar—the type now being operated on Clark-Wentworth, Broadway-State, Madison Street and Western Avenue routes.

Forty-eight feet long overall, and nine feet three inches wide at the belt line, the car will seat 51 passengers. Noise-proofed for quiet operation, the car will accelerate and decelerate much faster than the rapid transit cars now in use. Delivery of the new cars is to start late in 1949 and to be completed in 1950.

These cars are scheduled for use in the Milwaukee Avenue-Dearborn Street-Congress Street subway, now being completed by the City of Chicago; with the new equipment, this subway, which is to serve the rapidly growing northwest section of Chicago, will be modern in every respect.

Plant Improvements

Maintaining and servicing the record-breaking amount of new equipment required not only sweeping changes in maintenance techniques, but also the introduction of new shop tools, and a rapid expansion of plant facilities. To overcome a serious shortage in housing facilities, a comprehensive construction and reconstruction program was developed.

While plans and specifications for necessary new construction were being prepared, adaptation of car houses for the storage, servicing and maintenance of rubber-tired equipment was begun and carried on vigorously. Fortunately a number of these car houses were adaptable to bus use with relatively minor changes. Such space, however, was insufficient or improperly located to take care of all needs.

In October construction of the Authority's first all-bus terminal, at 103rd and Vincennes, was begun. Costing approximately \$900,000 it was scheduled for completion in one year. Storage space will be provided for 127 buses. Pending completion of this garage, the buses operated on eight south side lines are housed and serviced at the over-crowded 77th and Vincennes carhouse.

Ground was also broken during the fall for construction of a bus terminal at Foster and Kedzie, costing an estimated \$1,500,000. It was designed for a capacity of 320 buses.

Terminal buildings at both sites will be of modernistic design, and the terminal areas will be attractively landscaped.

During the year, a site was acquired at Elston and Central Avenues for a terminal with a capacity of 400 buses. Consideration was given to preparation of plans for construction on this site and at 93rd and South Chicago. The site located at Archer and Pulaski will be developed at a later date.

With modern housing facilities and shop tools, increasing efficiency and economy in bus maintenance and servicing is assured.

A summary of the principal building projects on which work was done in 1948 follows:

PLANT IMPROVEMENTS

Construction Project	Approximate Cost	Number of Buses to Be Stored	Probable Completion Date
Reconstruction of Schubert St. bus garage, which was partially destroyed by fire	\$ 85,000	38	Summer of 1949
Archer & Rockwell, Bus garage, converted from former car house	\$ 215,000	388	December 1949
Blue Island, bus garage, converted from former car house	\$ 230,000	111	December 1949
New Trolley bus shop at North & Lamont	\$ 80,000	—	Spring of 1949
New bus terminal at 103rd and Vincennes	\$ 900,000	127	September 1949
New bus terminal at Kedzie and Foster	\$1,500,000	320	February 1950

Various sections of these projects are made available for bus storage as the work progresses.

Aside from sites for bus terminals, real estate purchases during the year consisted principally of sites for streetcar and bus loops. A number of these loops were placed in operation during the year, despite the difficulty, in some instances, of acquiring the property. The Authority was also handicapped at times by difficulties in promptly obtaining zoning permits for the construction and use of necessary loops.

There were no major track renewals in 1948 excepting in those cases where it was reasonably certain that streetcar service would be continued indefinitely. Track extensions consisted solely of loops required for operation of the new, single-end PCC cars.

Electrical construction was confined generally to renewals, the installation of trolley line at PCC streetcar loops, and the placing of a second trolley wire on routes where trolley buses were put in service.

Few changes were made on the elevated structure during the year. The little used Market Street stub on North Wacker Drive was sold as scrap and removed. This removal was in accordance with provisions of the ordinance grant from the City of Chicago. Certain local elevated stations on Lake Street, which were closed when all express service was introduced on that line, had been partially dismantled by the end of the year. More important changes were planned to be made in 1949 in connection with plans for faster and otherwise improved rapid transit service.

Rates of Fare

Within a few months after the Authority began operation the effect of wage increases granted shortly before the acquisition of the properties together with rising costs of materials and services and a general downward trend in riding made it impossible to secure adequate revenues under the fare rates in effect to make full provisions for payment of the charges authorized and required under the Metropolitan Transit Authority Act. The introduction of substantial operating economies proved insufficient to offset these other factors. By the spring of 1948 it became evident that a fare increase was required to meet in full the revenue bond reserve and the depreciation reserve requirements. Accordingly, effective May 11, adult fares

CHICAGO TRANSIT AUTHORITY

on the Surface routes were increased from 10 cents to 11 cents and on the Rapid Transit lines from 12 cents to 13 cents, Suburban rates were increased by greater amounts. This was estimated to be sufficient to compensate for the deficit in operations then being incurred.

With the settlement of the basis for changes in wages and working conditions effective June 1, amounting to approximately \$8,500,000 annually, and with rising costs of materials and services, the Board on June 17, 1948, after public hearings, adopted a schedule of rates and charges providing for a 13 cent fare on the Surface routes for adult rides and a 15 cent fare on the Rapid Transit lines, with similar adjustments in other rates. This fare rate became effective June 20, 1948 and was still in effect at the close of the year. The principal rates of fare under the various schedules are summarized herewith:

Fares applicable to	Effective Oct. 1, 1947	Effective May 11, 1948	Effective June 20, 1948
Surface Routes			
Adult — General	10c	11c	13c
Adult — Express	—	—	15c (a)
Children & School	5c	5c	6c
Rapid Transit			
Adult			
Middle Zone (b)	12c	13c	15c
North or West Zone (c)	8c	11c	13c
Two zone through	15c	20c	20c
Children & School			
Middle Zone (b)	5c	5c	6c
North or West Zone (c)	4c	5c	6c

(a) With the establishment of all-bus service on Archer Avenue on May 30, 1948, the former express bus service operating in this territory was further speeded up and the adult fare was increased from the general surface route fare to 15 cents.



In 1948 more new surface equipment was received than during any other year.

OPERATING AGREEMENTS

- (b) Middle Zone includes Chicago, Oak Park, Forest Park, Cicero and Berwyn.
- (c) North Zone includes Evanston, Wilmette and Skokie. West Zone includes Maywood, Bellwood and Westchester. The Skokie bus, which replaced shuttle train service on March 27, 1948, is operated on Rapid Transit fares outside of City of Chicago.

Transfers are made from Surface Routes to Rapid Transit on payment of a 2-cent charge for adult passengers. There is no charge for children's transfers. Transfers from Rapid Transit to Surface Routes are made without additional charge. Children's fares apply to passengers (1) under 12 years of age; (2) school children 12 years of age or over, presenting proper identification card; and (3) children under 7 years of age when not accompanied by an adult fare paying passenger. Children under 7 years of age when accompanied by an adult fare paying passenger are carried free.

Transfers for adult fare-paying passengers are interchanged between the lines of Chicago Transit Authority and Chicago Motor Coach Company. The fare on the Chicago Motor Coach System had been 10 cents until September 18, 1948, when it was increased to 13 cents. Two cents additional are charged at Rapid Transit stations for transfers from the Motor Coach lines. All other transfers to or from Motor Coach lines are free. There is no transfer interchange with the Motor Coach for children or school fares.

Operating Agreements

Since the establishment of operations by Chicago Transit Authority, rapid transit train service has been operated by the Authority on the Kenwood and Stock Yards Branches which are owned by Chicago Junction Railroad. Numerous unsuccessful attempts have been made to arrive at a satisfactory arrangement with the Chicago Junction Railroad for the use of this property. The Illinois Supreme Court ruled adversely to the Chicago Junction Railroad in its certificate case in which the Illinois Commerce Commission had given the Chicago Junction Railroad the authority to establish a service of its own. The order of the Supreme Court in effect divested the Illinois Commerce Commission of any authority or jurisdiction over the Chicago Transit Authority.

In another proceeding hearings had been held before the Illinois Commerce Commission on the request of the Chicago Junction Railroad for intercompany transfers with Chicago Transit Authority based on the assumption that Chicago Junction Railroad would operate independently. Chicago Transit Authority opposed the establishment of such intercompany transfers on the grounds that such a service would not be in the public interest. At the year end, these hearings were being held in abeyance pending the expiration of the time for rehearing of the Supreme Court's decision.

An agreement with the Chicago, Milwaukee, St. Paul and Pacific Railroad providing for the terms of use by the elevated system of certain tracks and facilities owned by the Milwaukee Railroad was to expire on January 8, 1949. That agreement, originally between the Railroad and the Trustee of Chicago Rapid Transit, had been assumed by Chicago Transit Authority. As a result of negotiations, at December 31, new terms had been agreed upon, subject to acceptance by the Board of the Railroad and the Board of the Authority.

This agreement is temporary in nature as it provides for cancellation on six months notice. A contract of long duration was not considered advisable at this time because of the uncer-

CHICAGO TRANSIT AUTHORITY

tainty of the future operations of the Chicago, North Shore and Milwaukee Railway, which likewise uses these tracks and facilities under an operating agreement with the Authority.

Leases providing for joint operation of a portion of the Authority's rapid transit system with the Chicago, North Shore and Milwaukee Railway Company had expired but were being continued on a day-to-day basis. The North Shore had under consideration the abandonment of one of its branches known as the "Shore Line," and in view of this fact had suggested that negotiations for a new contract with the Authority be temporarily suspended.

Leases providing for joint operation of a portion of the Authority's rapid transit system with the Chicago Aurora and Elgin Railroad Company had also expired but were being continued on a day-to-day basis pending renegotiation. Technical studies necessary to the preparation of new agreements were being carried out but further time was required by reason of special problems created because of changes brought about by subway and superhighway construction along the route used jointly by the Authority and the Aurora line.

Wage Contracts

Sixty days prior to the termination of the various labor agreements expiring on May 31, 1948, notices were served on Chicago Transit Authority indicating the desire of the respective unions to open the contracts for adjustment of wages and various working conditions.

A number of unions had filed notices soon after October 1, 1947, under reopening clauses in the respective contracts covering the year June 1, 1947 to May 31, 1948, requesting wage adjustments prior to the termination dates of their respective contracts. Negotiations followed these reopening notices but no final settlements were reached. Procedures were agreed upon for consideration at the time of negotiations following expiration dates of the various contracts.

Negotiations were conducted first with the two locals of the Amalgamated. It appeared that the negotiations would not result in an agreed settlement and preliminary plans were made for an arbitration of the issue. Renewed negotiations, however, resulted in agreements on all points except pensions and new contracts were drafted in light of these agreements providing for an increase of eleven cents per hour effective June 1, 1948 and a further increase of two cents per hour effective December 1, 1948. The matter of pensions had not been settled at the close of the year.

Negotiations were then conducted with the Craft Unions, members of the Metal Trades Council, and agreements were reached with them as a group and individually. The settlement was based on the settlement with the two Amalgamated locals as to wages with certain additional adjustments and retroactive features.

During the period of negotiations with the Amalgamated and the Metal Trades Council, negotiations were also conducted with the Transport Workers Union (C.I.O.) and with the two locals of the International Brotherhood of Electrical Workers. Agreement was reached with the Transport Workers Union on a basis almost identical with that reached with the Amalgamated locals. Agreements were reached with the I.B.E.W. locals almost identical with the agreements reached with the members of the Metal Trades Council.

The estimated total cost of the various wage adjustments and changes in working conditions was \$8,500,000 on an annual basis.

Economies

Various operational and other changes, including consolidation of departments, were effected during the year which have resulted in substantial economies.

Substitution of buses and trolley coaches for streetcar lines has resulted in annual savings in the cost of operation of vehicles, and in the maintenance of track and electric overhead which had been necessary for street car operations, amounting to approximately \$1,450,000.

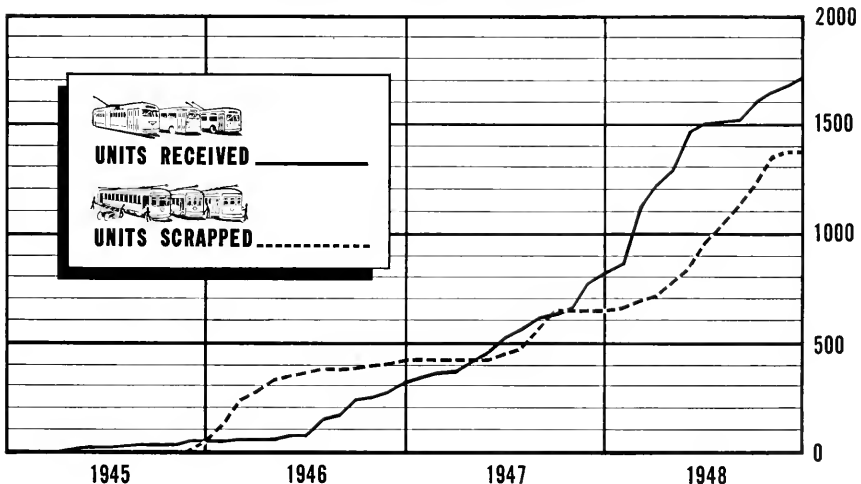
The savings resulting from improved methods of operation of the Lake Street section of the Rapid Transit Division plus the improvement in revenue resulting from better service, amounted to approximately \$300,000 per year. The substitution of motor bus for shuttle train service on the Skokie Line resulted in annual savings of approximately \$100,000.

By rearranging and consolidating the operating staffs of the Surface and Rapid Transit Divisions a better efficiency and a substantial reduction in personnel has been realized. The number of employees in service has been reduced approximately 700 during the year. Savings already made will be augmented as the modernization program progresses.

Status of Modernization

Prior to offering its bonds for sale for the purpose of acquiring the operating properties, Chicago Transit Authority adopted a modernization program contemplating expenditures of \$150,000,000 exclusive of payments for the transportation equipment in the City-owned subways and exclusive of normal renewals of track and structures. This program was to be completed in 1955 and included the period from 1945 to the date of acquisition as well as the period of actual ownership. In this period, prior to October 1, 1947, improvements were installed by the Surface Lines and the Rapid Transit Company by agreement with the Authority

EQUIPMENT REPLACEMENT SURFACE TRANSIT VEHICLES



CHICAGO TRANSIT AUTHORITY

as part of the modernization program. The overall progress to the end of 1948 is summarized herewith:

Total Estimated Cost of Modernization Program \$150,000,000
Modernization Program Completed to Date:

Expenditures made by:

Chicago Surface Lines and Chicago Rapid
Transit Company with approval of Chi-
cago Transit Authority \$11,772,000

Chicago Transit Authority:

October 1, 1947 to December 31, 1947 . . \$ 5,100,000

Year ended December 31, 1948 (ex-
clusive of estimated normal renewals) . . 20,503,000 25,603,000

37,375,000

Modernization Program remaining uncompleted at December 31, 1948 \$112,625,000

The program, as adopted, contemplated that \$36,925,000 would be expended by the close of the fiscal year 1948. Actually the expenditures exceeded this by \$450,000. From this standpoint the progress may be considered satisfactory. The program contemplated \$15,200,000 in improvements during 1949. This will be exceeded if all of the improvements are installed that the Board and the management considers are needed for a well-balanced system.

An important by-product of modernization is the scrapping program resulting principally from the retirement of old streetcars and the removal of streetcar rail. Salvage realized from the retirement of transportation property amounted to \$923,473 in 1948. Sales of scrap arising from retirements of property and from other operations of the Authority amounted to approximately \$1,250,000.

Public Information

Frequent reports to the public covered all phases of the modernization program—the purchase and assignment of new, modern equipment, changes in and extensions of service, and the development of plans for additional improvements of facilities and service.

Generally these reports were news releases to the metropolitan and community newspapers, and to news service agencies and radio stations. These announcements, however, were often supplemented by the use of paid advertising, by the display of window stickers, car cards and posters, by folders mailed directly to the homes of riders, and by distribution of the CTA's own information folder, the "Rider's Reader," in the cars and buses.

For the convenience of our riders, and the many visitors to Chicago, a system-wide map showing all of the CTA's surface and rapid transit routes and their connections with other transportation services was prepared. More than 250,000 copies of this attractive map were distributed during the year.

In addition to keeping the public informed of the progress of modernization, the Department of Public Information of the Authority planned and directed advertising campaigns to promote increased use of the CTA's services. Special emphasis was placed on advantages

Enjoy CHICAGO'S PARKS
FREQUENTLY
THIS SUMMER

REST AND RELAX IN CHICAGO'S PARKS

**MASTERPIECES OF PAINTING
SAVED FROM THE GERMAN SALT MINES**

The Art Institute of Chicago

7th through August 3rd



To Reach Your FAVORITE BEACH

Picnic in Chicago's Parks

Go CTA LINES SURFACE RAPID TRANSIT

GOOD BOOKS FOR Every Body
CHICAGO'S SIXTY SIXTH LIBRARY
DIRECT BY CTA LINES!

PLEASE!
DON'T BLOCK ENTRANCE OR EXIT DOORS-
IT HINDERS LOADING AND UNLOADING OF PASSENGERS-
SLOWS TRANSPORTATION!

GRANT PARK CONCERTS
JUNE 23 TO AUGUST 15
1948

WEDNESDAY-FRIDAY
SATURDAY-SUNDAY
8:00 P.M.

Chicago Park District Admission **FREE**

CHICAGO'S 2000 PLACES OF WORSHIP
CONVENIENTLY REACHED BY CTA LINES

**PARKED CARS
BLOCK SNOW REMOVAL
AND Delay all Traffic**

The CTA conducted an extensive advertising campaign in 1948 to promote riding.

gained by riders through the combination use of surface and rapid transit services. CTA co-operation was extended through this Department to numerous campaigns sponsored by public agencies and public service organizations, such as the Mayor's campaign to reduce traffic accidents; the Park District's activities to encourage greater use of its parks, playgrounds, beaches and other recreational facilities; and the fund raising drives of such organizations as the Community Fund, the Red Cross and the March of Dimes.

To the City's accident prevention program, the CTA made two special contributions. The first of these was a series of safety posters, endorsed by city, school and safety officials, which were displayed monthly in all of the public and parochial schools of the city. The second was a safety folder, also endorsed by city and safety officials. This folder, which is to be distributed to Chicago motorists, was being printed as the year ended.

At the year end plans were being considered to extend the scope and effectiveness of the Authority's information service activities in conformity with management and Board policy of keeping the public thoroughly informed regarding all activities of the Authority.

Organization and Management

Chicago Transit Board

In the transaction of its business during the year the Board held twenty-nine meetings all of which were open to the public. Much of the detailed work, prior to presentation of matters to the Board for approval, was conducted by the various committees of the Board. Because procedures were being established, it was a very active year for these committees.

The Accounting Committee's activities concerned the formulation and adoption of uniform accounting procedures, the reorganization and consolidation of accounting and statistical departments, and the determination of the best methods of presenting statistical and financial information.

The Employment Committee reviewed all matters in connection with negotiations of various groups for changes in wages and working conditions. This involved also the establishing of uniform practices applying to the groups represented by what had formerly been two separate operating organizations.

The Committee on Expenditures and Purchases reviewed and analyzed bids for equipment, construction contracts, supplies and services, and established procedures for competitive bidding for contracts and purchases along the lines required by the Metropolitan Transit Authority Act.

The Insurance Committee instituted surveys of insurance practices on the properties and established the basis for reasonable and adequate insurance coverage.

The Real Estate Committees had many problems to consider in purchasing property required in connection with the improvement program, including land for building sites and for numerous off-street terminals for streetcar and bus lines. The Committee also submitted recommendations for the sale of property no longer useful for the purposes of the Authority.

The Service and Extensions Committee met weekly with its staff and with various neighborhood and civic groups to determine the necessary service improvements and the best means of effectuating such improvements. Twenty-three public hearings were held in response to

requests from groups and civic organizations for improved service. Many of the subject matters of the public hearings were disposed of during the year by appropriate resolutions of the Board; others were referred for additional study by the staff in anticipation of presentation to the Board for final action by resolution. The Committee adopted and carried out a policy of submitting reports at intervals giving specific recommendations for improvements to be placed in effect during a period of several months following. This included allocation of new equipment as well as extensions and modifications in routing.

The Equipment and Engineering Committee reviewed the design and specifications for new equipment as well as research for the rapid transit signal system, and other matters relating to improvements in the physical plant.

The Post Office Department Committee has been instrumental in securing increased annual payments to the Authority for transportation of letter carriers on the surface system, from \$92,000 to \$379,600. The annual rate of \$379,600 is based on present fares and is subject to prorata changes as fares are increased or lowered.

The above brief report of activities of certain committees is cited to cover the nature of the problems considered. Each of the 22 committees of the Board has had a similar record of accomplishments.

The Board kept close contact with the needs of the operating plant through inspection of locations in which particular improvements were under consideration. This was supplemented by a general inspection of housing and servicing locations, shops, terminal facilities, yards, substations and other portions of the plant of the Authority.

The three year term of Mr. Philip Harrington as Chairman of the Chicago Transit Board expired on June 28, 1948. Prior thereto, at a meeting of the Board on June 24, Mr. Harrington was re-elected Chairman for the three year term ending June 28, 1951.

The initial term of Mr. Philip W. Collins as member of the Board expired on September 1. Mr. Collins continued to serve, as provided by law, and was reappointed by the Governor of Illinois, which reappointment was approved by the Mayor of Chicago, for the seven year term ending September 1, 1955.

On April 1, 1948, the principal office of Chicago Transit Authority was established at Room A-645, 175 W. Jackson Blvd., Chicago 90, Illinois. Management offices had been established at this location prior to that date. This terminated the arrangement, which had been in effect since the organization of the Board on June 28, 1945, whereby the Board and its immediate staff utilized office space facilities and services of the Department of Subways and Superhighways of the City of Chicago at 20 N. Wacker Drive, and had been billed therefore at cost by the City.

Operating Organization

Mr. Walter J. McCarter, General Manager continued to consolidate departments and to coordinate the personnel of Rapid Transit and Surface Divisions into a unified, efficient organization, complying with the requirements of the Metropolitan Transit Authority Act for modernization of Chicago's local transportation.

Effective February 1, the Surface Routes and Rapid Transit ceased to function as separate operating divisions and all management operating activities reported directly to the General Manager. Mr. Evan J. McIlraith was appointed manager of maintenance and planning.

CHICAGO TRANSIT AUTHORITY

covering shops and equipment activities, way and structures departments, electrical department and general planning, Mr. S. D. Forsythe, formerly superintendent of shops and equipment for Surface system, was appointed chief engineer in charge of all general engineering work for the Authority.

Effective April 1, Mr. P. N. Simmons, formerly associated with Ebasco Services, was appointed Manager of Personnel, covering all employment, job classification and analysis, training and accident prevention, pensions, employe insurance and welfare, the medical department and grievance matters.

Other consolidations of departments had been under way previous to the beginning of the year. These activities were broadened in scope. Accounting for both Surface and Rapid Transit was consolidated under the Comptroller. Likewise related activities in other phases of Authority operations were vested in the Purchasing Agent, General Storekeeper, Superintendent of Schedules and Traffic, Superintendent of Insurance, Chief Attorney of General Law Division and Chief Attorney of Accident Division, respectively. These consolidations resulted in the elimination of divided responsibility, more economical operation, greater coordination and better service to the public.

Plans were complete by the year end for consolidation of the two Electrical Departments and preliminary plans were well advanced for the consolidation of the Shops and Equipment Department of the Surface System and the Shops Department of the Rapid Transit System, the Rapid Transit Maintenance of Way Department and the Way and Structures Department of the Surface System, and the two Transportation Departments.



A series of 36 training meetings was held in the Fall for operating personnel.



Construction was begun in October on the first all-bus terminal to be built by CTA.

Personnel

During the year 2025 transportation department operating personnel left the service of the Authority. Of these 282 retired on pensions or disability, 1924 new employees were hired. On the whole, the man power situation in this department improved considerably over a year ago. While there was a net decrease of 101 in the number of transportation employees, the decline in traffic and the lessened manpower required by reason of new equipment, especially through the substitution of buses for two-men streetcars, permitted adjustments to be made very readily.

With regard to employees in other departments, 1,233 left service during the year, of which 108 were retired on pensions or disability. 813 additional employees entered service during the year. At the close of the year, there were 21,886 persons employed by the Authority.

Retirements during the year included the following: Charles Dorsett of the Property Accounting division, who had formerly been Secretary of the Board of Supervising Engineers, Mr. Ralph H. Rice formerly Principal Assistant Engineer with the Board of Supervising Engineers, Mr. Haven C. Kelly, Superintendent of Way and Structures of the Surface Division, Mr. J. V. Sullivan, Executive Assistant, who had occupied a similar position with the Surface Lines, and Mr. Harley A. Johnson, formerly General Manager of Chicago Rapid Transit Company, who had been appointed Manager of the Rapid Transit Division when the Authority began operations. We report with sincere regret the sudden death of Mr. V. E. Thelin, Electrical Engineer.

Classification of employees is required under the Metropolitan Transit Authority Act. Accordingly, job analysis institutes were established early in the year under the direction of Julian W. Baer, consultant, to develop a job classification structure. The field work was nearly completed by the end of the year. The classification work kept pace with the job analysis field work. It should be completed early in 1949. Job specifications will then be prepared without delay and the adoption of rules governing appointments to any position on the basis of merit and efficiency will follow soon thereafter.



Sketch of the first off-street connection between surface and elevated routes to be built by the CTA.

Planning for 1949

Of the \$26,521,900 appropriated for capital purposes for the year 1949, it was estimated that there would be available \$12,086,000 from cash on hand at the close of the year from depreciation accruals in 1949, from earnings in 1949 and from the sale of scrap and other property. In addition to urgently needed plant replacements, it was estimated this amount would provide funds for the portion of the building program that is under construction, for the 1,000 electrically operated fare boxes and for the 1949 deliveries of the 130 rapid transit cars recently ordered.

When it adopted the budget, the Board pointed out that additional funds totaling \$14,435,900 would be required to carry out the program in full. The Board believes it to be in the best interest of the Authority, the present bondholders, and the public served that financing be arranged for if conditions permit.

Land acquisition and other necessary preliminary arrangements which were completed in 1948 will permit much greater progress in the building construction program in 1949. This huge program of new building and rebuilding of shops and equipment housing is made necessary by a number of factors including normal replacement because of wear and tear and obsolescence, substantial changes in the types of facilities needed by reason of the conversion from streetcars to buses, and new locations for equipment storage being required more economically to meet the growing demands for transit service in the outlying areas of the city. The current building program must be well along before any substantial amount of additional new equipment can be housed and serviced. As stated in connection with the 1948 plant improvements, completely new bus terminals providing housing and servicing facilities are under construction at 103rd and Vincennes and at Kedzie and Foster. An early start should be made on similar improvements on the sites available for this purpose at Elston and Central Avenues and at 93rd Street and South Chicago Avenue.

Among the major contracts to be negotiated during the coming year is the car card advertising contract. It is planned to take advantage of the advertising potentialities of the system.

Active negotiations were undertaken with the Commonwealth Edison Company for a new electric power contract. The contracts under which power billings were rendered during the past year were modified extensions of contracts of the predecessor companies. Negotiations were not completed in 1948 because of delays arising from the necessity of the Edison Company to complete its agreement with the City of Chicago for a new franchise.

There was no expansion of Authority operations in 1948 other than extensions within the general territory presently served by the Authority. Future expansion and acquisition of additional properties will be considered at the appropriate time.

Structural work on the Milwaukee Avenue-Dearborn Street-Congress Street subway, which will be operated by the Authority, is to be completed by mid-year 1949 by the Department of Subways and Superhighways, City of Chicago. Track is now being installed in some sections of the subway, but this and other installations of fixed transportation equipment such as signals, electric power facilities, ventilation equipment, moving stairs and communications and lighting systems, as well as architectural finish for the stations, will not be completed until the latter part of 1950. The subway will then be ready for operation.

The Authority must make certain changes in the structure and facilities on the Logan Square Branch of the elevated which will become a part of the subway route. A portion of this work should be done in the coming year. The inspection shops at the Logan Square terminal must be modernized adequately to care for the new rolling stock which will be placed in the subway operation. Modifications in station layout will be required, particularly for adequate connections with surface feeder lines.

The Board recognizes the contributions of the personnel of the Authority toward making this a successful enterprise and is appreciative of the excellent morale shown throughout a period when many changes in the type of operation were made out of necessity in the interest of improvement of service.

The Board is likewise appreciative of the support of the public in the steps taken to bring about improved and more efficient local transportation, particularly in those instances where the existing travel habits were required to be modified.

By Order Of The Board

Room A-645

175 W. Jackson Boulevard

Chicago 90, Illinois

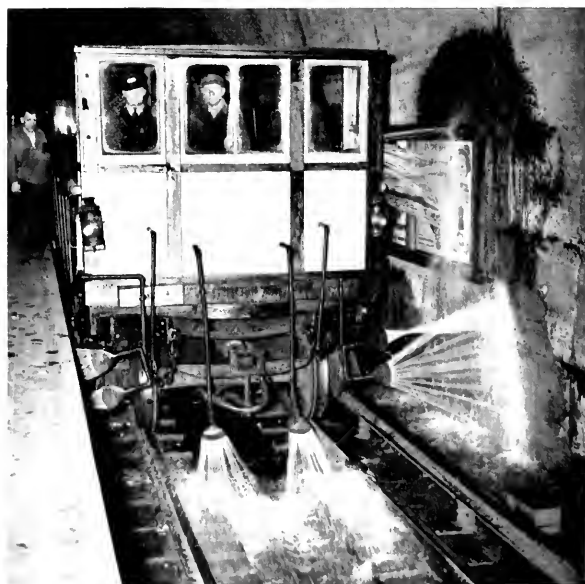
April 7, 1949.



Vice-Chairman



Little-used Market street
"stub" was removed after
54 years of
transit service.



A huge 1,000-gallon tank
car is used to wash the
State street subway track
bed and walls.

AUDITORS' CERTIFICATE

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET

CHICAGO 3

To the Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1948 and the related statements of funds, of income and of application of revenues for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made a similar examination for the period from October 1, 1947 (date of commencement of operations) to December 31, 1947.

In our opinion, the accompanying balance sheet and related statements of funds and of income present fairly the financial position of Chicago Transit Authority as of December 31, 1948 and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

It is our further opinion that the accompanying statement of application of revenues presents fairly the distribution made of revenues of Chicago Transit Authority for the year ended December 31, 1948, and was prepared in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds.

Chicago, Illinois,

March 11, 1949.

ARTHUR ANDERSEN & CO.

CHICAGO TRANSIT AUTHORITY

Assets	December 31,	
	1948	1947
Transportation Property, at cost	\$100,196,681	\$ 78,816,180
Reserve for Depreciation	5,876,638	1,171,709
	<u>\$ 94,320,043</u>	<u>\$ 77,644,471</u>
Special Funds		
Cash and U. S. Government Securities		
(see accompanying statement of funds)—		
Under control of Trustee—		
Special modernization	\$ 1,252,689	\$ 14,364,030
Modernization	36,814	3,515,375
Depreciation reserve	2,667,521	—
Series of 1947 revenue bond reserve	1,605,000	321,000
Operating expense reserve	150,000	—
Transit revenue (transferred to Modernization in 1949)	116,320	—
	<u>\$ 5,828,344</u>	<u>\$ 18,200,405</u>
Damage reserve	2,515,570	1,640,014
Funds held for benefit of employees pending		
establishment of pension plan	1,931,241	298,476
	<u>\$ 10,275,155</u>	<u>\$ 20,138,895</u>
Current Assets		
Cash and U. S. Government Securities		
(see accompanying statement of funds)—		
Working cash (including \$5,000,000 in 1948		
provided from Revenue Bond proceeds)	\$ 9,854,861	\$ 16,215,729
Cash reserved for payment of purchase		
price adjustments, etc.	310,530	2,566,704
Deposit for payment of revenue bond		
interest due January 1	1,908,020	1,908,020
Municipal compensation fund	1,035,447	—
	<u>\$ 13,108,858</u>	<u>\$ 20,690,453</u>
Accounts receivable	727,237	660,901
Materials and supplies, at average cost	7,772,763	7,154,359
Prepayments and other current assets	186,739	477,239
	<u>\$ 21,795,597</u>	<u>\$ 28,982,952</u>
Deferred Charges	<u>\$ 234,242</u>	<u>\$ 198,987</u>
	<u>\$126,625,037</u>	<u>\$126,965,305</u>

COMPARATIVE BALANCE SHEETS

Liabilities	December 31,	
	1948	1947
Revenue Bonds, Series of 1947		
3¼% due serially from July 1, 1953 to 1957	\$ 11,000,000	\$ 11,000,000
3¾% due serially from July 1, 1958 to 1961	8,000,000	8,000,000
3½% due serially from July 1, 1962 to 1965	8,000,000	8,000,000
3⅝% due serially from July 1, 1966 to 1972	13,000,000	13,000,000
3¾% due July 1, 1978	65,000,000	65,000,000
	<u>\$105,000,000</u>	<u>\$105,000,000</u>
Accumulated Net Revenues (Deficit)		
Appropriated for debt service requirements	\$ 1,605,000	\$ 321,000
Appropriated for operating expense reserve	150,000	—
Unappropriated net revenues of current year (appropriated in 1949 for modernization)	116,320	(810,015)
	<u>\$ 1,871,320</u>	<u>(\$ 489,015)</u>
Current Liabilities		
Accounts payable	\$ 3,656,012	\$ 5,805,403
Accrued wages	2,773,605	2,225,154
Accrued revenue bond interest	1,908,020	1,908,020
Accrued municipal compensation	1,035,447	—
Unredeemed tickets and tokens	21,747	124,777
Estimated net payable for adjustments to purchase prices of acquired properties	153,195	4,566,101
	<u>\$ 9,548,026</u>	<u>\$ 14,629,455</u>
Reserves		
Damage	\$ 8,274,450	\$ 7,526,389
Amount provided for payment of pensions	1,931,241	298,476
	<u>\$ 10,205,691</u>	<u>\$ 7,824,865</u>
Commitments , under modernization program, approximately \$6,500,000		
Contingent Liability , for 1947 taxes on acquired property, approximately \$600,000		
	<u>\$126,625,037</u>	<u>\$126,965,305</u>



Many family groups—like this father-son-daughter trio—are among CTA employees.

See Inside Pages for
STATEMENT OF FUNDS



Many family groups—like this father-son-daughter trio are among CTA employees.

Chicago Transit Authority — Statement of Funds

For the Year Ended December 31, 1948

Funds Under Control of Trustee

	Total	Transit Revenue	Special Modernization	Modernization	Depreciation Reserve	Series of Revenue Bond		Operating Expense Reserve	Municipal Compensation	Damage Reserve	Other Funds		
						1947 Reserve	Interest				Funds Held for Payment of Pensions	Working Cash	Other Cash
Balance December 31, 1947													
Classified in accompanying balance sheet as:													
Special funds	\$ 20,138,895	\$ 14,364,030	\$ 3,515,375	\$ 321,000	\$ 1,908,020					\$1,640,014	\$ 298,476		
Current assets	20,690,453	1,190,342								131,519		16,215,729	1,244,843
	\$ 40,829,348	\$ 15,554,372	\$ 3,515,375	\$ 321,000	\$ 1,908,020					\$1,771,533	\$ 298,476	\$ 16,215,729	\$ 1,244,843
Eliminate — Fund transfers and deposits recorded at December 31, 1947 but made after that date	306,469*	7,043,882	4,126,089	319,322	1,300,000			150,000	87,045	418,068*		12,944,759*	
Balance December 31, 1947 — after eliminating above transfers and deposits	\$ 40,522,879	\$ 7,043,882	\$ 19,680,461 (1)	\$ 3,864,697	\$ 1,300,000	\$ 321,000	\$ 1,908,020	\$ 150,000	\$ 87,045	\$ 1,353,465	\$ 298,476	\$ 3,270,990	\$ 1,244,843
Add — Receipts													
Collection of revenues	\$115,551,233	\$115,518,128	\$ 11,009	\$ 3,765	\$ 5,528	\$ 8,780	\$ 4,023						
Other receipts	3,608,529	2,977,452								2,814	1,240	627,023	
Transfers from Transit Revenue Fund		122,824,096*			4,933,333	1,284,000	3,812,926	50,000*	581,502	14,261*		112,276,596	
Reduction in Working Cash provided from revenue bond proceeds				2,000,000								2,000,000*	
Other net transfers from Working Cash										3,406,662	2,556,709	5,963,371*	
	\$119,159,762	\$ 4,328,516*	\$ 11,009	\$ 2,003,765	\$ 4,938,861	\$ 1,292,780	\$ 3,816,949	\$ 50,000*	\$ 581,502	\$ 3,395,215	\$ 2,557,949	\$ 101,940,248	\$ 5,963,371*
Deduct — Disbursements													
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	\$105,492,395											\$105,492,395	
Adjustments of purchase prices of acquired properties	2,109,170	1,190,652											918,518
Disbursements for purposes for which funds were created	29,054,551	15,666,566	5,805,466				3,816,250			2,685,457	1,025,226		55,586
	\$136,656,116	\$ 16,857,218	\$ 5,805,466				\$ 3,816,250			\$ 2,685,457	\$ 1,025,226	\$ 105,492,395	\$ 974,104
Balance December 31, 1948 — before transfers described below:													
Cash	\$ 12,594,034	\$ 2,715,366	\$ 1,222,492 (1)	\$ 62,996	\$ 2,747,329	\$ 14,837	\$ 636,792	\$ 50,485	\$ 5,393	\$ 2,063,223	\$ 85,539	\$ 2,718,843	\$ 270,739
U. S. Government securities (at cost)	10,452,491		1,611,760		3,491,532	1,598,943	1,271,927	49,515	663,154		1,745,660		
	\$ 23,026,525	\$ 2,715,366	\$ 2,834,252 (1)	\$ 62,996	\$ 6,238,861	\$ 1,613,780	\$ 1,908,719	\$ 100,000	\$ 668,547	\$ 2,063,223	\$ 1,831,199	\$ 2,718,843	\$ 270,739
Add or Deduct*													
December collections deposited January 3, 1949	357,488	357,488											
Fund transfers to be made after December 31, 1948—													
Transfers from Transit Revenue Fund		2,986,315*		112,499	466,667			50,000	366,900	492,138	100,042	1,398,069	
Reimbursement of Working Cash for disbursements payable from special funds			1,570,554*	134,916*	4,032,479*							5,737,949	
Other transfers		29,781	11,009*	3,765*	5,528*	8,780*	699*						
	\$23,384,013	\$ 116,320	\$ 1,252,689	\$ 36,814	\$ 2,667,521	\$ 1,605,000	\$ 1,908,020	\$ 150,000	\$ 1,035,447	\$ 2,555,361	\$ 1,931,241	\$ 9,854,861	\$ 270,739
Balance December 31, 1948													
Classified in accompanying balance sheet as—													
Special funds	\$ 10,375,155	\$ 116,320	\$ 1,252,689	\$ 36,814	\$ 2,667,521	\$ 1,605,000		\$ 150,000		\$ 2,515,570	\$ 1,931,241		
Current assets	13,108,858						1,908,020		1,035,447	39,791		9,854,861	270,739
	\$ 23,384,013	\$ 116,320	\$ 1,252,689	\$ 36,814	\$ 2,667,521	\$ 1,605,000	\$ 1,908,020	\$ 150,000	\$ 1,035,447	\$ 2,555,361	\$ 1,931,241	\$ 9,854,861	\$ 270,739

*Denotes deduction.

Includes \$14,805,014 at December 31, 1947 and \$1,220,570 at December 31, 1948 held by Special Master. The latter amount was available for withdrawal on the basis of expenditures made for which liabilities were recorded at December 31, 1948.

CHICAGO TRANSIT AUTHORITY

Statement of Income (See Note)

For the Year Ended December 31, 1948

Revenues	\$115,645,824
Operating Expenses	
Operation and maintenance expenses—	
Way and structures	\$ 7,579,727
Equipment	12,801,774
Power	10,147,515
Conducting transportation	60,897,576
General (including \$5,782,291 provision for damage reserve)	11,607,201
	<u>\$103,033,793</u>
Depreciation	5,400,000
Municipal compensation	1,035,446
	<u>\$109,469,239</u>
	\$ 6,176,585
Interest on Revenue Bonds	3,816,250
	<u><u>\$ 2,360,335</u></u>
Net income (see note)	<u><u>\$ 2,360,335</u></u>

Note:

The above statement shows the revenues, expenses and net income of the Authority for the year ended December 31, 1948. It does not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statement of application of revenues.

In accordance with the provisions of the Trust Agreement, the net income as shown above was disposed of as follows:

Net income	\$2,360,335
Appropriated for—	
Debt service requirements (Series of 1917 Revenue Bond reserve)	\$1,284,000
Prior period's deficit (portion of 1947 depreciation requirement not earned in that year)	810,015
Operating expense reserve	150,000
	<u>\$2,244,015</u>
Unappropriated balance (as shown in accompanying statement of application of revenues)	<u><u>\$ 116,320</u></u>

CHICAGO TRANSIT AUTHORITY

Statement of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing the Revenue Bonds)

For the Year Ended December 31, 1948

Revenues	\$115,645,824
Operation and Maintenance Expenses	103,033,793
	<u>\$ 12,612,031</u>

Debt Service Requirements

Interest on Revenue Bonds	\$ 3,816,250
Series of 1947 Revenue Bond reserve	1,284,000
	<u>\$ 5,100,250</u>

Balance	<u>\$ 7,511,781</u>
-------------------	---------------------

Other Requirements

Depreciation—

1948 requirement	\$ 5,400,000
Portion of 1947 requirement not earned in that year	810,015
Operating expense reserve	150,000
Municipal compensation	1,035,446
	<u>\$ 7,395,461</u>

Unappropriated net revenues (appropriated in 1949 for modernization)	<u>\$ 116,320</u>
--	-------------------



When it snows, combination sand-spreaders and plows keep CTA's surface routes open.

CHICAGO TRANSIT AUTHORITY

Comparative Operating Statistics

For the Year Ended December 31, 1948

	Surface Division	Rapid Transit Division	Combined System
Passenger and Traffic Statistics			
Revenue Passengers			
Originating passengers	825,379,675 (1)	137,621,520	963,001,195
Transfers from other divisions	(2)	38,143,100	38,143,100
Transfers from Chicago Motor Coach . .	(3)	3,120,752	3,120,752
Total Revenue Passengers	825,379,675	178,885,372	1,004,265,047
Revenue Car Miles			
Cars	92,794,030	46,668,452	139,462,482
Trolley buses	6,021,344	-----	6,021,344
Motor buses	32,429,299	-----	32,429,299
Total Revenue Car Miles	131,244,673	46,668,452	177,913,125
*Revenue Per Car Mile	71.31c	42.55c	63.77c
Revenue Car Hours			
Cars	10,582,420	4,824,294	15,406,714
Trolley buses	656,916	-----	656,916
Motor buses	3,620,641	-----	3,620,641
Total Revenue Car Hours	14,859,977	4,824,294	19,684,271
Power Statistics			
Direct current—kilowatt hours	521,625,644	200,531,952	722,157,596
Average cost per kilowatt hour	1.02c	1.19c	1.07c
Net cost of D.C. power per total car mile (4)	5.99c	5.31c	5.77c
Fuel Statistics			
Gasoline			
Gallons	9,449,795	-----	9,449,795
Average miles per gallon	2.92	-----	2.92
Diesel Fuel			
Gallons	1,038,753	-----	1,038,753
Average miles per gallon	4.65	-----	4.65

Notes:

- (1) Surface Division originating traffic includes mail carriers.
 - (2) Surface Division receives no revenue on transfers from the Rapid Transit Division and makes no record of passenger transfers from that Division.
 - (3) Passengers transferring from the Chicago Motor Coach Company buses are not reported.
 - (4) After correction for use by other than car service.
- * Passenger and chartered revenue earnings.

CHICAGO TRANSIT AUTHORITY

Revenue Equipment Owned

December 31, 1948

	December 31, 1947	January 1, 1948 to December 31, 1948	On Hand Dec. 31, 1948
Surface Division	On Hand Dec. 31, 1947	Acquired	Retired
Street Cars—			
P. C. C. Cars	385	298	683
Other Closed Platform	1,028	-----	308
Open Platform	1,613	-----	420(1)
Total Streetcars	3,026	298	728
Buses—			
Trolley Buses	152	210	-----
Gas—Mechanical	551	-----	111
Gas—Hydraulic	200	272	-----
Diesel Hydraulic	36	100	-----
Total Buses	939	582	111
Total Surface Equipment	3,965	880	839
Rapid Transit Division			
Elevated Cars—wood & steel	1,166	-----	109
Elevated-Subway Cars			
Steel, Conventional type	455	-----	-----
Metal, Articulated	2	2	-----
Total Rapid Transit Cars	1,623	2	109
TOTAL	5,588	882	948

(1) 1 car trans. to Service Equipment

TOTAL SURFACE TRANSIT EQUIPMENT YEARS ENDING DECEMBER 1st • 1945-1948



CHICAGO TRANSIT AUTHORITY

Mileage Owned, Leased and Operated

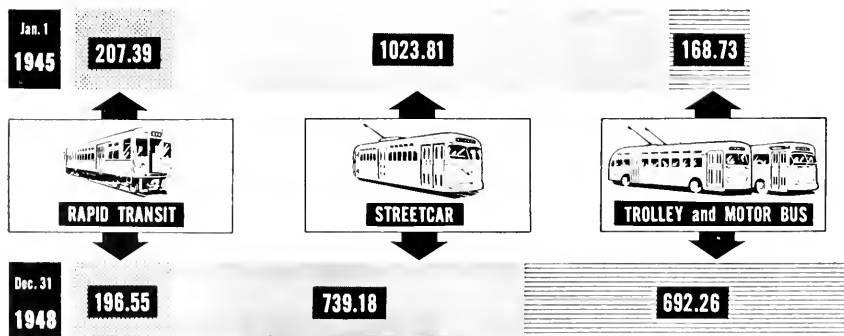
December 31, 1948

	<u>Surface Division</u>	<u>Rapid Transit Division</u>	<u>Combined System</u>
Track Owned or Leased			
Owned	1,054.42	170.15	1,224.57
Leased	6.26	60.46	66.72
Total Track owned or leased	<u>1,060.68</u>	<u>230.61</u>	<u>1,291.29</u>
Revenue and Non Revenue Track or Route Mileage			
Revenue Miles in Operation			
Revenue track in operation	739.18	196.55	935.73
Trolley bus lines (single way miles) in operation	89.28	.....	89.28
Motor bus lines (single way miles) in operation	602.97	.....	602.97
Total Revenue Miles in Operation	<u>1,431.43</u>	<u>196.55</u>	<u>1,627.98</u>
Non-Revenue Miles			
Unused Track	224.25(1)	.....	224.25(1)
Track in yards and car houses	97.25(2)	34.06(3)	131.31
Connecting and storage bus line	13.92	.....	13.92
Total Non-Revenue Miles	<u>335.42</u>	<u>34.06</u>	<u>369.48</u>
Total	<u>1,766.85</u>	<u>230.61</u>	<u>1,997.46</u>

Notes:

- (1) Represents track sections from which power lines have been removed and tracks which are isolated (disconnected from operating lines.)
- (2) Includes 33.32 miles Service Tracks on streets used by Work Cars, Pull-in and Pull-out Cars, Emergencies, etc.
- (3) Includes 4.80 Main Line Storage Track.

MILES OF ROUTE IN REVENUE SERVICE



Statement of Transportation Property and Organization Expense

Showing Balance at December 31, 1947, Plus Additions and Less Retirements
During Year 1948 and Balance at December 31, 1948

	Balance Dec. 31, 1947	Gross Additions (See Note)	Less Retirements	Balance Dec. 31, 1948
Land	\$ 8,627,015.25	\$ 516,290.84	\$ 21,270.00	\$ 9,122,036.09
Track	21,319,711.04	1,676,323.02	273,374.10	22,722,659.96
Machinery and Tools	1,403,913.35	277,909.25	3,533.64	1,678,288.96
Electric Line Equipment	7,704,785.28	774,984.98	82,000.97	8,397,769.29
Buildings	10,326,703.28	937,484.81	65,524.51	11,198,663.58
Cars	12,382,745.31	7,648,234.19	346,400.00	19,684,579.50
Buses	8,091,848.31	9,737,394.51	5,340.00	17,823,902.82
Work Trucks, Auto and Service Equipment	594,030.23	88,793.82	5,286.00	677,538.05
Furniture	266,281.45	126,679.97	.....	392,961.42
Signals and Interlocking	300,000.00	10,188.66	4,538.98	305,649.68
Crossings, Fences and Signs	50,000.00	8,420.89	50.00	58,370.89
Elevated Structures	6,000,000.00	.....	11,629.45	5,988,370.55
Substation Equipment	1,520,000.00	.....	.....	1,520,000.00
Telephone and Communication	80,000.00	.....	.....	80,000.00
Engineering	5,216.30	23,358.04	.....	28,574.34
General and Miscellaneous	72,000.00	360,000.00	.....	432,000.00
Total Transportation Property	\$78,744,249.80	\$22,186,062.98	\$818,947.65	\$100,111,365.13
Organization Expense	71,929.99	13,386.40	.....	85,316.39
TOTAL	\$78,816,179.79	\$22,199,449.38	\$818,947.65	\$100,196,681.52

Notes:

After deducting \$157,978 representing adjustments to cost of properties acquired October 1, 1947.



During 1948 buses replaced streetcars on 178 round trip miles of route.

Chronology

April 12, 1945

Metropolitan Transit Authority Act enacted by the General Assembly of the State of Illinois was approved.

June 4, 1945

Metropolitan Transit Authority Act adopted by voters of City of Chicago and Village of Elmwood Park; and the City of Chicago ordinance, dated April 23, 1945, granting a fifty year exclusive franchise to Transit Authority was approved at referendum election.

June 28, 1945

First meeting of Chicago Transit Board. The Board was organized for the transaction of business, and Mr. Philip Harrington was elected its chairman.

July 10, 1945

Chicago Transit Board officially accepted the City of Chicago franchise ordinance and the assignment of the City's Plans on file in the United States District Court for acquisition of Surface Lines and Rapid Transit System.

July 24, 1945

The Governor of the State of Illinois approved "Parks Acts" giving the Authority operating rights in Chicago Park District.

November 21, 1945

The Supreme Court of the State of Illinois in ruling on an appeal from the lower Courts by the States Attorney of Cook County, who sought to enjoin the Authority from issuing bonds and questioned its powers, upheld the legality of the Metropolitan Transit Authority Act.

February 15, 1946

Judge Igoe of the District Court filed opinions holding Chicago Transit Authority's plans for purchase of Chicago Surface Lines, and Chicago Rapid Transit Lines to be fair, equitable and feasible, warranting their submission to the security holders.

May 15, 1946

Trustees of Chicago Surface Lines and Chicago Rapid Transit Company filed reports stating that security holders expressed their approval of the reorganization plans.

June 17, 1946

The District Court entered an order confirming the Plan for purchase of Chicago Surface Lines by Chicago Transit Authority. (Appeals were taken from this order by Series "B" bondholders of Chicago Railways Company and Minority stockholders of Chicago City Railway Company.)

January 4, 1947

United States Circuit Court of Appeals in ruling on the Surface Lines reorganization plan stated

that the order of the District Court approving the plan and the order confirming the plan must be affirmed.

February 4 and 5, 1947

The Chairman and other representatives of Chicago Transit Authority met in New York with representatives of Harris, Hall & Company (Incorporated), The First Boston Corporation and Blyth & Co., Inc., to discuss financing for purchase of the local transit properties.

February 26, 1947

United States District Court entered an order for confirmation of the Plan for purchase of Chicago Rapid Transit System by Chicago Transit Authority.

April 14, 1947

United States Supreme Court denied petition (of appellants from the ruling of the United States Circuit Court of Appeals in the Surface Lines case on January 4, 1947) for writ of certiorari on motion of Chicago Transit Authority to advance cause for hearing.

April 21, 1947

United States Circuit Court of Appeals dismissed an appeal of certain "B" bondholders from the order of sale of Chicago Surface Lines.

April 22, 1947

Sales to the Authority (as sole bidder) of the properties of Chicago Surface Lines and Chicago Rapid Transit Company contingent upon the sale of bonds by the Authority, were held by Special Master Walter A. Wade at the Cook County Court House.

June 27, 1947

Mr. Walter J. McCarter, appointed as General Manager of Chicago Transit Authority, effective as of the date when the Authority sells its initial issue of bonds.

July 10, 1947

Official Statement of Chicago Transit Authority offering \$105,000,000 of Series of 1947 revenue bonds was approved by the Board. The official statement included a draft of the Ordinance authorizing the issuance of the bonds which ordinance incorporated by reference the form of trust agreement.

August 5, 1947

No bids were received for the bonds whereupon a bond sale agreement was entered into by the Authority with Harris, Hall & Company (Incorporated), The First Boston Corporation and Blyth & Co., Inc., whereby this Banking group agreed to buy all the bonds on stated terms if subscriptions for 80 percent were received by September 12, 1947.

CHRONOLOGY

September 2, 1947

The Banking group stated that all Series of 1947 bonds had been subscribed.

September 26, 1947

Ordinances were adopted by the Board (1) prescribing the rates and charges for services on the transit system when acquired; (2) providing for the acquisition and operation by the Authority of the transit systems and for the issuance of revenue bonds in connection therewith and for the execution and delivery of a trust agreement for the Series of 1947 bonds; and (3) providing for the authentication and delivery of the Series of 1947 revenue bonds and providing for the allocation of the proceeds therefrom.

Resolutions were adopted providing for the appointment of general officers and for the transfer of employees of Chicago Surface Lines and Chicago Rapid Transit Company and Board of Supervising Engineers to the service of Chicago Transit Authority.

September 30, 1947

The trust agreement between the Chicago Transit Authority and The First National Bank of Chicago, Trustees, securing the Series of 1947 bonds, was executed and the bonds were delivered by the Authority to the Trustee. The bonds were authenticated and delivered by the Trustee to the purchasers and the purchasers delivered payment for the bonds. Payment was made, to the Special Master for the Trustees of Chicago Surface Lines of \$75,000,000, to the Special Master for the Trustee of Chicago Rapid Transit Company of

\$12,162,500, for the purchase price of the respective properties. Payments were also made for various adjustments. The Special Master then delivered bills of sale and property deeds to the Authority.

October 1, 1947

Possession was taken of the properties formerly known as Chicago Surface Lines and Chicago Rapid Transit Company and operation was begun by Chicago Transit Authority as a unified system.

November 19, 1947

Chicago Transit Board approved procedure with respect to proposed or requested extensions of routes of Chicago Transit Authority.

November 21, 1947

Hearing in the United States District Court, involving adjustment of the Damage Reserve Fund of the Surface Lines properties acquired under the reorganization plan, was taken under advisement by the court.

January 13, 1948

Board authorized the conducting of job analysis institutes and the development of a job classification structure.

January 27, 1948

Improvement program for the first quarter of 1948 approved. This program designated specific routes for improvement and equipping with new vehicles. This set the pattern for the announcement at quarterly intervals of detailed improvements to be made.



Applicants for transit jobs are tested on their ability to avoid accidents.

CHICAGO TRANSIT AUTHORITY

February 1, 1948

Consolidation made effective of Rapid Transit and Surface Divisions enabling personnel and activities of many departments of the two divisions to be consolidated.

March 27, 1948

Skokie shuttle Rapid Transit service over the North Shore line discontinued and modern bus service established in territory formerly served by shuttle trains.

April 4, 1948

All express Rapid Transit Service established on Lake St. elevated route discontinuing ten little used stations. Lake St. Elevated service was re-adjusted to permit abandonment and removal of Market St. elevated stub.

May 11, 1948

Because of continuing deficits in Revenue Bond Reserve and in Depreciation Reserve, adult fares on Surface routes were increased from 10 cents to 11 cents and on Rapid Transit lines from 12 cents to 13 cents, and appropriate adjustments made in other fare rates.

June 15, 1948

Changes approved in wages and working conditions under the contracts with Division 241 and 308 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America. This agreement provided for increase in wage rates of eleven cents per hour effective June 1, 1948, and a further increase of two cents per hour effective December 1, 1948. Authorization was also given to negotiate adjustment of other matters and adjustment of wages and salaries of other employees.

June 20, 1948

By reason of wage increases amounting to approximately \$8,500,000 annually and because of other rising costs, new fare rates became effective. Adult Surface route fares were increased from 11 cents to 13 cents and adult fares on rapid transit lines were increased from 13 cents to 15 cents with appropriate changes in other fare rates.

June 24, 1948

Mr. Philip Harrington re-elected as Chairman of the Chicago Transit Board for the three year term ending June 28, 1951.

August 19, 1948

Contract approved for the purchase of 130 elevated-subway cars at a base cost of \$36,328 per car. Some of these cars are to be delivered in 1949.

August 19, 1948

Chicago Transit Board approved basis for settlement of claims against Chicago Transit Authority by certain bondholders groups of Chicago Surface Lines Companies, said claims amounting to nearly \$16,000,000 being settled on the basis of turning over to the security holders of the Surface Lines Companies for distribution the escrowed Damage Reserve Fund of \$2,450,535.30 held by the Special Master. This agreement provided for settlement in full with minor exceptions.

September 18, 1948

Additional charge for transfers from Chicago Motor Coach lines to Surface routes discontinued and additional charge from Motor Coach Lines to Rapid Transit Lines reduced from 5 cents to 2 cents in view of increased fare on Motor Coach from 10 cents to 13 cents becoming effective.

September 30, 1948

Chicago Transit Authority reported on the first year of operations to the United States District Court stating that already more than \$30,000,000 had been spent for modernization purposes and that, despite the continuing national upward price trend, the fare increase and the substantial operating economies achieved by the Authority had improved the earnings of the system to such an extent that the Board was confident that all charges for 1948 would be met with some surplus for City Compensation and for continuation of the modernization program.

October 14, 1948

Contract awarded for the construction of a bus garage at 103rd and Vincennes at a cost of \$856,324. This is the first completely new servicing and storage facility to be constructed under the improvement program.

December 3, 1948

First direct off-street connection between Surface and Rapid Transit routes placed in service at Western Avenue station of the Ravenswood elevated for passengers to make transfers under shelter at a modern bus terminal.

December 7, 1948

A plan was presented to the City Council Committee on Local Transportation by the Board for the establishment of all express transportation service on the north-south Rapid Transit routes.

December 16, 1948

Annual budget for the year 1949 providing for operation and maintenance, depreciation, bond service and other requirements and providing for capital expenditures was adopted.

CHICAGO TRANSIT AUTHORITY

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LEGEND

SURFACE ROUTES:

- MOTOR BUS
- TROLLEY COACH
- STREETCAR
- RAPID TRANSIT ROUTES
- ELEVATED
- SUBWAY

MODERN EQUIPMENT INSTALLATIONS,

EXTENSIONS AND NEW ROUTES

- JAN. 1, 1940 TO DEC. 31, 1940
- MOTOR BUS
- TROLLEY COACH
- STREETCAR

MODERN EQUIPMENT INSTALLATIONS,

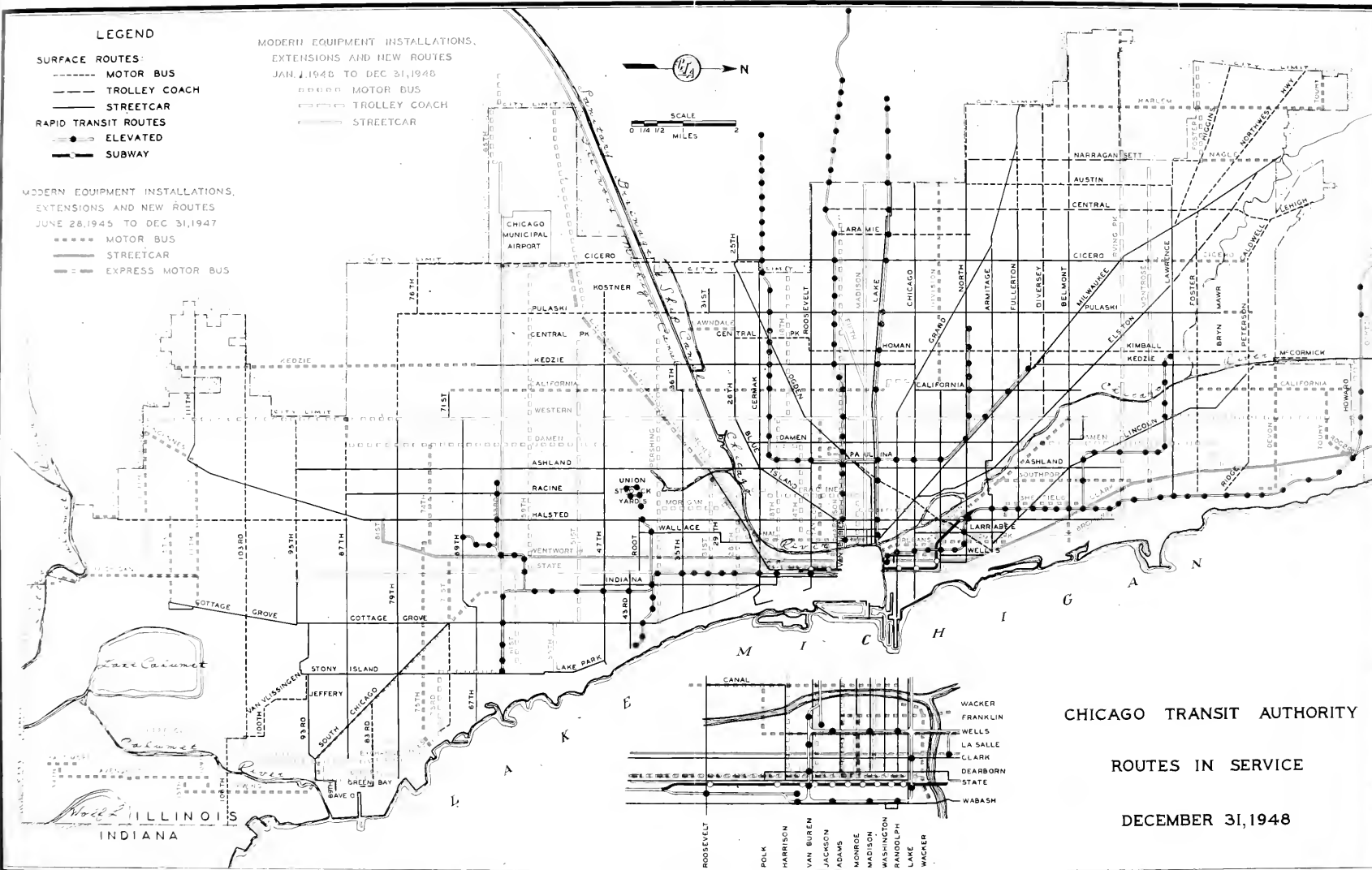
EXTENSIONS AND NEW ROUTES

JUNE 28, 1945 TO DEC. 31, 1947

- MOTOR BUS
- STREETCAR
- EXPRESS MOTOR BUS



SCALE
0 1/4 1/2 MILES



CHICAGO TRANSIT AUTHORITY

ROUTES IN SERVICE

DECEMBER 31, 1948

FIFTH ANNUAL REPORT
1949



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CHICAGO TRANSIT AUTHORITY

Fifth Annual Report

OF CHICAGO TRANSIT BOARD

for the Fiscal Year
ending December 31, 1949

Ralph Budd

Chairman

Irvin L. Porter

Treasurer

Guy A. Richardson

Vice-Chairman

William W. McKenna

Secretary

Ralph Budd • Philip W. Collins • William W. McKenna
John S. Miller • Irvin L. Porter • James R. Quinn • Guy A. Richardson

Walter J. McCarter
General Manager

Werner W. Schroeder
General Attorney

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CHICAGO TRANSIT AUTHORITY

Financial

The accompanying balance sheets of Chicago Transit Authority as of December 31, 1949 and December 31, 1948, and the related statements of income, of funds, and of application of revenues, all of which have been certified by Arthur Andersen & Co., independent public accountants, set forth the financial position of the Authority at those dates and the results of its operations and fund transactions for the fiscal year ended December 31, 1949.

Total revenues for the year 1949 and their application in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds are compared in the following summary with results for 1948:

	1949	1948
Revenues	\$116,239,238	\$115,645,824
Operation and Maintenance Expenses	105,495,146	103,033,793
	10,744,092	12,612,031
Debt Service Requirements:		
Interest Charges	3,816,250	3,816,250
Deposit to Series of 1947 Revenue Bond Reserve	1,284,000	1,284,000
	5,100,250	5,100,250
Balance before Depreciation	5,643,842	7,511,781
Depreciation (Including in 1948 an accumulated deficit from 1947 of \$810,015)	6,500,000	6,210,015
	856,158*	1,301,766
Operating Expense Reserve Fund	—	150,000
	—	1,151,766
Provision for Municipal Compensation	—	1,035,446
Balance Appropriated for Modernization	\$ —	\$ 116,320

*Deficiency

Earnings in 1949 were not sufficient to cover all costs and other requirements. Deposits to the Depreciation Reserve Fund were \$5,643,842 or \$856,158 less than the requirements of \$6,500,000 determined in accordance with the provisions of the Trust Agreement. No deposits were made in 1949 to the Operating Expense, Municipal Compensation, or Modernization Funds. The deficiency of \$856,158 in the Depreciation Reserve Fund must be made up from subsequent earnings before any further deposits may be made to either the Operating Expense Reserve, Municipal Compensation or Modernization Funds. The Operating

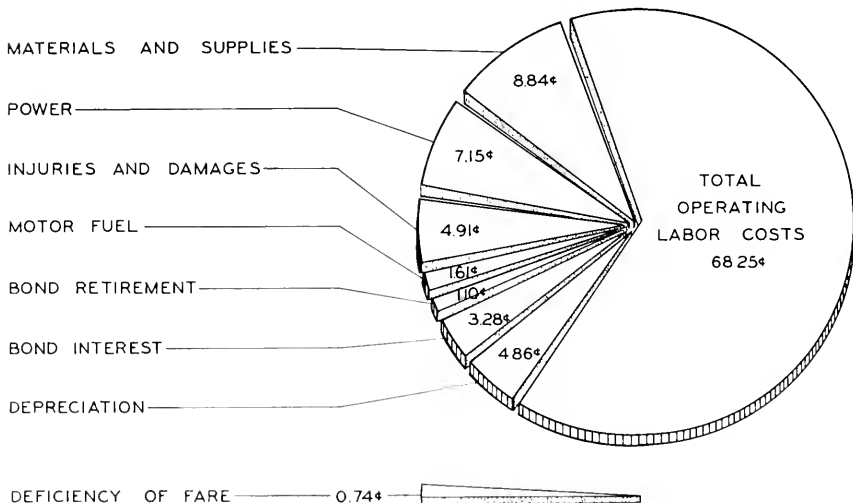
CHICAGO TRANSIT AUTHORITY

Expense Reserve Funds requirement is not cumulative from month to month and the liability for Municipal Compensation is not cumulative from year to year.

A summary of revenue passenger rides originating on the lines of CTA and the revenues received from the various sources in 1949 and 1948 are shown below:

Revenue Passenger rides originating on the lines of CTA	1949 847,111,142	1948 963,001,195
Revenues		
Passenger Revenue	\$113,962,649	\$113,080,207
Chartered Service	16,777	19,214
Post Office Employees	392,002	325,493
City Nurses	11,775	23,306
Total	\$114,383,203	\$113,448,220
Station and Car Privileges	940,911	1,276,077
Rent of Tracks and Facilities	520,795	492,646
Rent of Equipment	-----	1,907
Rent of Buildings and other Property	289,162	267,884
Miscellaneous Revenues	105,167	159,090
Total Revenues	\$116,239,238	\$115,645,824

DISTRIBUTION OF C.T.A.'S 1949 REVENUE DOLLAR



FINANCIAL

Beginning in the closing weeks of 1948, and continuing throughout 1949, a declining trend in local transit riding was experienced throughout the United States. Traffic on the Lines of the Authority conformed to this national trend. This decline in the number of passengers carried, coupled with increased costs entailed by new contracts covering wages, pensions and electric power service, resulted in insufficient revenues to provide for all deposits to the various funds required by the Trust Agreement. As soon as the several contracts referred to above were consummated steps were taken to make such fare increases as were calculated would produce sufficient revenues to cover the added costs and to meet the requirements of the Metropolitan Transit Authority Act and of the Trust Agreement. The increased fares, as more specifically referred to elsewhere in this report, became effective October 15, 1949. Since their inauguration the fare increases have produced approximately the results which it had been estimated they would produce. The following tabulation shows the total traffic in 1949 compared with 1948, total revenues and balance after bond service requirements and depreciation for each of the four quarters of the year:

Originating Passengers—

	January February March	April May June	July August September	October November December	Total for Year
1948	253,431,838	246,875,667	225,429,489	237,264,201	963,001,195
1949	224,185,333	219,008,098	202,363,068	201,554,643	847,111,142
Total Revenues—1949	\$ 29,714,895	\$ 29,164,747	\$ 27,131,734	\$ 30,227,862	\$116,239,238
Available for Bond Service Requirements	2,429,077	2,530,431	1,715,371	4,069,213	10,744,092
Bond Service Requirements	1,275,115	1,275,115	1,275,010	1,275,010	5,100,250
Available for Depreciation \$	1,153,962	\$ 1,255,316	\$ 440,361	\$ 2,794,203	\$ 5,643,842
Depreciation Requirement	1,625,000	1,625,000	1,625,000	1,625,000	6,500,000
Balance	\$ 471,038*	\$ 369,684*	\$ 1,184,639*	\$ 1,169,203	\$ 856,158*

Note 1: Increased fares (approximately 2c per adult passenger) were made effective October 15, 1949.

Note 2: Increased employees' pension costs (approximately \$140,000 per month) became effective on June 1. A wage increase of 5c per hour also became effective June 1, and a further increase of 5c per hour on December 1. An increase in cost of electric power (approximately \$100,000 per month) was effective May 1.

* Denotes red figure.



North Park bus terminal located on Foster Avenue, near Kedzie, scheduled for 1950 occupancy.

CHICAGO TRANSIT AUTHORITY

The principal elements of operating and maintenance expenses, exclusive of depreciation, in 1949 are set forth below and are compared with similar items in 1948:

	1949	1948
Wages and Salaries	\$ 76,090,653	\$ 75,107,473
Operating Materials and Supplies	5,727,128	6,545,460
Electric Power Purchased	8,307,908	7,593,242
Motor Fuel Consumed	1,874,983	1,857,708
Provision for Injuries and Damages	5,710,031	5,782,291
Pensions	2,315,812	1,333,522
Employes Insurance	921,622	1,078,367
Other Insurance	126,861	131,859
Miscellaneous Services and Supplies, etc.	4,420,148	3,603,871
	\$105,495,146	\$103,033,793

From the foregoing comparison it will be noted that the increased costs arising from the new contracts negotiated during the year covering payroll, electric power and pension costs, more than account for the overall increase in operating and maintenance expenses. The approximate offsetting differences in operating material and supplies and miscellaneous services and supplies are due largely to differences in the classification of these costs in 1949 and in 1948.

The increases in hourly wage rates in 1949 computed at the 1948 level of employment would have resulted in increased payroll for the year, of approximately \$5,200,000. Through adjustment of schedules to meet traffic needs and economies in operation introduced at various times during the year, this potential increase was reduced to \$983,180.

Balance Sheet Comments

A comparison of the balance sheet accounts as of December 31, 1949 and 1948 is shown by the certified balance sheet appended to this report.

The fund held at December 31, 1949 for the benefit of employees included in the Employees' Retirement Plan was transferred on February 28, 1950 to the Trustee appointed in accordance with the Retirement Plan Agreement.

Provision has been made in the accounts of the Authority for its liability to the City of Chicago, under the provisions of Paragraph K of Section 10 of the Ordinance of the City of April 23, 1945, whereby the Authority is obligated to pay the City \$5,000 per mile of single track or \$10,000 per mile of double track for the repaving of City streets over which operation of tracks has been abandoned by the Authority. Payments are to be made only at such time as the City first repaves the streets and the payments are further limited to a maximum of \$300,000 in any one year.

On February 13, 1950 a final decision, adverse to the Authority, was handed down in litigation pending since the acquisition of the transportation properties on October 1, 1947,

OPERATING AND CONSTRUCTION BUDGETS

regarding the liability of the Authority for real and personal property taxes for the last quarter of 1947. These taxes and the penalties accrued thereon, previously noted on the balance sheet of the Authority as a contingent liability, were recorded in the accounts of the Authority at December 31, 1949, in the amount of \$641,608.

Status of Funds

Appended to this report are statements, certified by Arthur Andersen & Co., showing the transactions during the year 1949 in each of the funds of the Authority and the balance in each fund at December 31, 1949.

Settlement with Former Owners

With the exception of very minor adjustments, final settlement has been made with the former owners of the Surface Lines. Final settlement with the Trustee of Chicago Rapid Transit Company has been delayed pending adjustment of certain minor items. Provision has been made in the accounts of the Authority for all liability in connection with these settlements.

Operating and Construction Budgets

Total operating and maintenance expenses, including pensions, debt service and depreciation, for the year 1949 were within the amount which had been budgeted for those purposes.

On December 9, 1949 the Transit Board, after complying with the requirements of the Metropolitan Transit Authority Act and of the Trust Agreement securing the Series of 1947 Revenue Bonds, adopted operating and capital budgets for the fiscal year 1950.

There was a total of \$95,925,835 budgeted for operating and maintenance expenses, exclusive of employees' pensions, debt service and depreciation. This compares with a total of \$103,179,334 expended for such purposes in 1949. It was estimated that pension costs under the Retirement Plan Agreement, effective June 1, 1949, will amount to \$3,335,300 for the year 1950 as compared with expenditures of \$2,315,812 in the year 1949. The amounts budgeted for debt service and depreciation are the same as the actual requirements for 1949.

Based upon the estimate of revenues for the year 1950 and the 1950 operating budget adopted by the Board, it was estimated that there would be available in 1950 approximately \$10,981,000 for the further modernization of the property. The modernization projects uncompleted at December 31, 1949, together with projects which are considered necessary to be undertaken during 1950, will require the expenditure of approximately \$9,103,500 and this amount was budgeted for that purpose. Included in this category are the payments remaining to be made, estimated at \$2,723,000, on the purchase of 130 elevated cars to be delivered during 1950, and \$815,000 for completing two bus garages under construction at the end of the year. There is also included approximately \$1,000,000 to complete other projects which were under way at the end of the year.

In addition, the Budget Ordinance listed additional modernization and capital projects, estimated to cost approximately \$14,091,000, which are highly desirable and are to be under-

taken providing the necessary financing can be arranged. Most of these projects, through resulting operational economies and improvements in service, would be self-liquidating over a comparatively short period of time. Chicago Transit Board is making every effort to arrange for the additional financing required to carry out these projects so that modernization can be carried on at the rate anticipated when the Authority was organized and so that the car riders may realize as soon as possible the benefits that would result from such modernization.

Exchange of Definitive Bonds for Temporary Bonds

Definitive bonds were issued during the year for the purpose of exchanging for the \$105,000,000 temporary Chicago Transit Authority Revenue Bonds, Series of 1947 which were originally issued to the purchasers of these securities. Temporary bonds may be exchanged without charge for definitive bonds of a like amount, interest rate, and maturity by presenting the same to the Trustee, The First National Bank of Chicago, Chicago, Illinois.

The Authority arranged during the year, for the listing of its Series of 1947 Revenue Bonds on the Midwest Exchange at Chicago and the New York Curb Exchange.

Operation During 1949

Substantial additional improvements in the service of the Rapid Transit and the Surface Systems were effected in 1949. The principal Rapid Transit improvement consisted of further application of all express service. On the surface system, new bus equipment replaced the operation of old streetcars on a number of routes.

By the year end approximately 822 single-way miles of surface routes had been equipped with modern streetcars and buses since the start of the modernization program in 1945 and 55 per cent of the rides originating on the surface system were on routes with modern equipment.

One of the difficulties that had to be met was the declining use of mass transit. This decline in passenger volume, which is general throughout the nation, is due to three major factors—the tapering off of industrial and business activities from the abnormally high peaks of the war period, intensified use of the private automobile, and the widespread observance of a 5-day work week. On Saturdays and Sundays, the drop is especially sharp. As a typical example, during the three weeks preceding the year-end holidays, the weekday traffic was 13.3 per cent less than during the corresponding period of a year ago. Whereas, Saturday and Sunday traffic declined 19.7 per cent and 20.2 per cent respectively.

The loss in Saturday traffic is to a large extent due to more general application of the five day week. Two major groups which contributed to this were the downtown banks and the railroad offices which closed on Saturdays beginning in the summer of 1949. The loss in Sunday traffic must be attributed largely to the increased use of the automobile. Steps are continually being taken to overcome the effect of these losses, in particular by applying to two-man routes, wherever possible, the use of one-man cars and buses on these light traffic days.

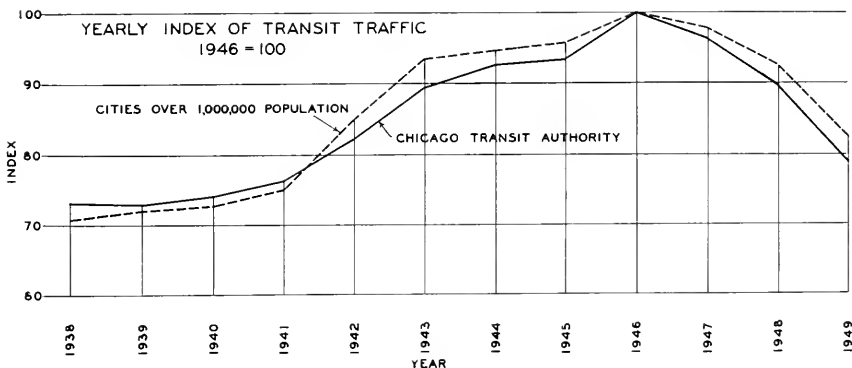
The Authority has received all of the 1000 electrically operated coin registering fare boxes that were ordered early in 1949 and they have been placed in operation on bus routes throughout the system.

As a result of insurance surveys all insurance policies were placed on a uniform basis and fire insurance for coverage of \$77,000,000 was placed, effective November 21, 1949, for a three year period.

Rush hour parking control, made effective by the City of Chicago, permitted the elimination of curb parking in the direction of the rush traffic on portions of Madison Street, Milwaukee Avenue, Irving Park Road, Montrose Avenue, Foster Avenue and Ridge Avenue. Surveys made of conditions before and after the change on Madison Street and Milwaukee Avenue indicated an eight to ten per cent improvement in scheduled speed of transit vehicles. The speed up of general traffic was greater than ten percent. The principal benefit of rush hour traffic control to mass transit vehicles, however, consists of improved maintenance of schedules. Prior to eliminating curb parking in the rush hour it was found that as high as 85 per cent of the streetcars on Madison Street completed their trips late. After the controls were put into effect the number of late trips dropped to as low as 12 per cent. A similar benefit was experienced on Milwaukee Avenue. Safety was also enhanced. On these streets there was a greater reduction of transit vehicle—automobile accidents than the system wide reduction for the year. Because of the success of these parking controls a number of other locations are being studied for future application of similar traffic regulations.

Temporary streetcar and bus reroutings were resorted to because of the active program of street paving and bridge improvements being carried forward by the City of Chicago and other agencies concerned with street improvement work. One project which will affect service from the west to the loop over a considerable period is the Wacker Drive development

TRAFFIC DECLINES TO PRE-WAR LEVELS



leading to the Congress Street Superhighway. The Randolph Street bridge area was closed entirely during the latter half of the year. Streetcars and other traffic were rerouted over other bridges. Work in this area required the moving of considerable streetcar track. It was determined not to replace this track as, with increased use of buses, the need for the Randolph Street bridge as a streetcar crossing is eliminated. Traffic rerouting of the other crossings in Wacker Drive will be made as the work progresses.

On May 28, 1949, streetcar operation was resumed on State Street over the new river bridge. The portion of State Street between Wacker Drive and Kinzie Street had been closed to traffic for a period of ten years because the completion of the bridge was delayed during the war. Opening of this bridge permitted direct routing of streetcars, and resulted in improved operation to and from the north side.

Surface Route Improvements

During the year many improvements in service and economies in operation were effected on the Surface System. The new equipment, delivered in 1948, was placed into full service to the extent it had not been assigned prior to the first of the year. Many unusual measures were taken to secure the maximum use of new equipment, such as giving weekend service with modern units on routes that normally are operated with other equipment. The declining traffic enabled adequate service to be rendered with fewer units on most routes. Surplus equipment from the lines equipped with modern units was pooled and used to equip additional routes with new vehicles, to make route changes, and extensions.

New bus service replaced streetcar service on 71.69 round trip miles of route. Bus service was extended over 15.75 round trip miles of route. The miles of streetcar track in operation were reduced from 739.18 to 668.98. The miles of bus route were increased from 692.25 to 785.97.

Trolley buses were substituted for streetcars on the North Avenue, Fullerton Avenue and Belmont Avenue lines. The North Avenue line was extended to the east across Clark



Bus and streetcar terminals on Western Avenue at Berwyn.

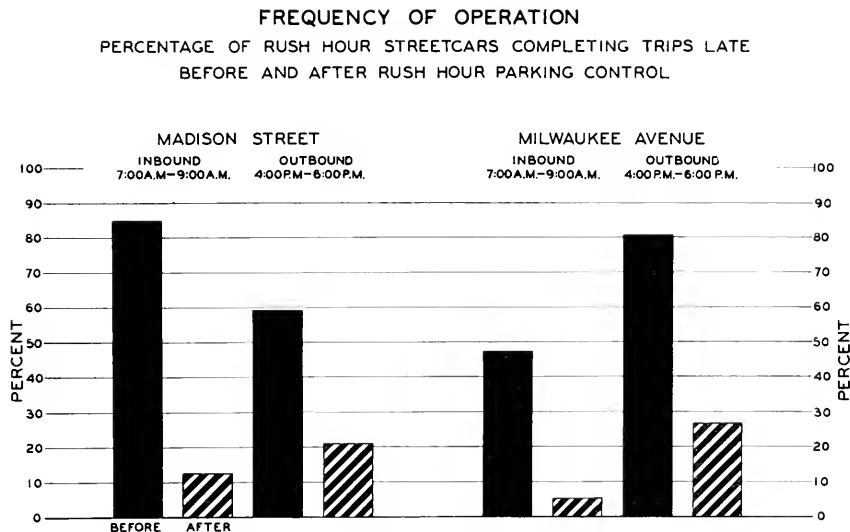
SURFACE ROUTE IMPROVEMENTS

Street into Lincoln Park. The Fullerton Avenue through service was extended from Central Avenue to Parkside Avenue on the west and from Halsted Street to Orchard Street on the east via the Lincoln, Orchard, Fullerton loop. The Belmont Avenue through service was extended west to Cumberland Avenue into new territory.

The Halsted Street car line, from the terminal at Waveland and Broadway to 79th and Halsted, was equipped with new PCC streetcars. The section of the Halsted Street route south of 79th Street was converted to motor bus operation and extended to 111th and Pulaski.

The portion of the Kedzie Avenue streetcar service operating from Milwaukee and California via Milwaukee and Kedzie to Bryn Mawr Avenue was discontinued. Coincident with this change was the rerouting of the Kimball-Homan bus line to operate through Logan Square and on North Kedzie Avenue to Peterson Avenue thereby replacing the Kedzie Avenue streetcar service in this area. Another motor bus operation in substitution of streetcar service was made for the portion of the Cottage Grove line which operated on South Chicago Avenue. Coincident with this change a rush hour express bus service, supplementing the local service, was established from 63rd and South Park to Ewing and 108th, making express or transfer stops only north of 92nd Street.

Service extensions, in addition to those made incidental to rerouting or substitution, include motor bus service on 87th Street from Western Avenue to Hamlin Avenue. A new bus route was established on 31st Street from Kostner Avenue to California Avenue. Another new route, known as Yates-95th, operated from 104th Street and Torrence Avenue to 91st Street and Baltimore Avenue, replaced the South Jeffery line on which service was discontinued.



CHICAGO TRANSIT AUTHORITY

Bus service with modern equipment replaced streetcar service on Saturdays and Sundays on the Blue Island, Grand Avenue, Cicero Avenue, Wallace-Racine and Stony Island routes. This procedure extended to many persons the advantages of new equipment and improved service. The Wallace-Racine and Stony Island lines for weekend operation were terminated at points short of the loop district, because of the essentially local character of weekend travel. On the Central Avenue and Diversey Avenue routes, operated largely with the older trolley buses on weekdays, an entire fleet of new trolley buses was assigned for weekend operation.

One man streetcars were placed in service on the North Damen Avenue, 79th Street, Ogden Avenue and Lake Street routes. A number of minor reroutings in the interest of improved service and economy were effected. Sunday service was discontinued entirely on the North Pulaski and Fullerton extension shuttle bus lines, and on the Canal-Wacker bus line. The Clybourn Avenue bus route and the Elston Avenue streetcar line were cut back to terminals short of the loop district during the evening hours, and on Saturdays and Sundays.

Additional terminals were developed during the year in accordance with the policy to obtain offstreet terminal facilities wherever possible. Among these was an emergency terminal for streetcars on Western Avenue at Leland, supplementing the bus turnaround at this point which serves the elevated station at Western Avenue on the Ravenswood Branch. 79th and Halsted became a terminal of greater importance with the substitution of bus service for streetcar service south of that point. Convenient transfer facilities and shelters were provided



Trolley buses replacing streetcars made street improvement possible on Irving Park Road.

at the enlarged terminal. Direct service to and from Lincoln Park was provided by the construction of a terminal for the North Avenue trolley bus in park area just east of Clark Street. Permission for the terminal was obtained from the Chicago Park District.

Rapid Transit

The most discussed improvement effected during the year was the installation of all express service for the North-South subway and elevated lines. This all express service reduced running time by four to five minutes, provided more frequent service, and permitted economies that were particularly helpful. Intervals between trains were cut by one to three minutes thus substantially reducing waiting time. The service was placed in operation on August 1, 1949, after more than seven months study and planning and after a series of twelve public hearings at which the plan was explained by staff engineers. Comments and suggestions were presented by civic groups, by members of the City Council, and by individual citizens. Helpful suggestions received at the public hearings resulted in some modifications of the original plan.

Operating benefits obtained from the new service included abandonment of 23 lightly used stations, and elimination of costly duplication of service as well as elimination of competition between the rapid transit and surface systems for local riders. Closer coordination of the two systems was achieved in feeding surface riders to the rapid transit system for the long ride portion of their trips, and in providing connections to surface routes for persons alighting at rapid transit stations.

Operation of all express service between Ravenswood and the downtown "L" loop, and between Howard and Jackson Park and between Howard and Englewood, was made possible by inaugurating shuttle train service on the lightly patronized Kenwood, Normal Park and Stock Yards branches. Most of the users of the stations being discontinued live or work within one-quarter mile of a North-South station. The remainder can conveniently reach a North-South station by streetcar or bus. After the installation of this service, which is shown graphically herein, only minor adjustments were required in this improved operating plan. Steps are being taken to dismantle such stations as will no longer be required.

On July 10, 1949, motor bus service was substituted for rapid transit train operation on weekends on the Douglas Park Branch west of the Cicero Avenue station in the town of Cicero. This motor bus service eliminated the need for protection of the many grade crossings on this section of the route from early Saturday morning until early Monday morning each week. It extended service one-half mile to the west during the period of bus operation. Rates of fare and transfer privileges on this weekend motor bus service are identical with those on the rapid transit system.

Legal proceedings were initiated by the town of Cicero and City of Berwyn and others in the County Courts to enjoin the Authority from operating motor buses in lieu of train service. These municipalities contended that the operating ordinances running to the predecessor companies were applicable to the Transit Authority and hence the Authority, by discontinuing rail

service, had violated its agreement. The case was continued from time to time and no decision had been reached as of the close of the year.*

Terminal track improvements to expedite the movement of rapid transit trains were installed at Howard Street, at Kimball Avenue on the Ravenswood branch and at Loomis Street on the Englewood branch.

Additional improvements were authorized or effected at the busy Fullerton Avenue elevated station by constructing a stairway and extended shelters, at the Stony Island station by the construction of an additional stairway and overhead passageway to the east side of the street, and by improvement to the Damen Avenue station on the Logan Square route to facilitate passenger interchange with the North Avenue trolley bus route. Public address systems were installed at various locations to direct passengers and expedite train movements. Further improvements along these lines are contemplated for the remainder of the rapid transit system.

Equipment

No additional new passenger cars or buses were received in 1949. Improved maintenance methods and more adequate service facilities made possible more extensive use of the new equipment on hand.

Steps were taken to improve other equipment so as to give better service with more economical operation. This included a program to convert 156 two-man streetcars for use in one-man operation. At the close of the year 124 of these cars had been remodeled. Installation of multiple unit door control on 393 of the steel rapid transit cars was begun and this work was well underway at the close of the year.

Delivery of the 130 new rapid transit cars, all for use in the Milwaukee-Dearborn-Congress Subway, will start in the summer of 1950 and it is expected that delivery of all units will be completed when the subway is ready for operation.

As a means of determining the type of equipment for future delivery a number of buses of various types have been placed in experimental operation from time to time. Among them



New Rapid Transit terminal loop just north of Howard Street.

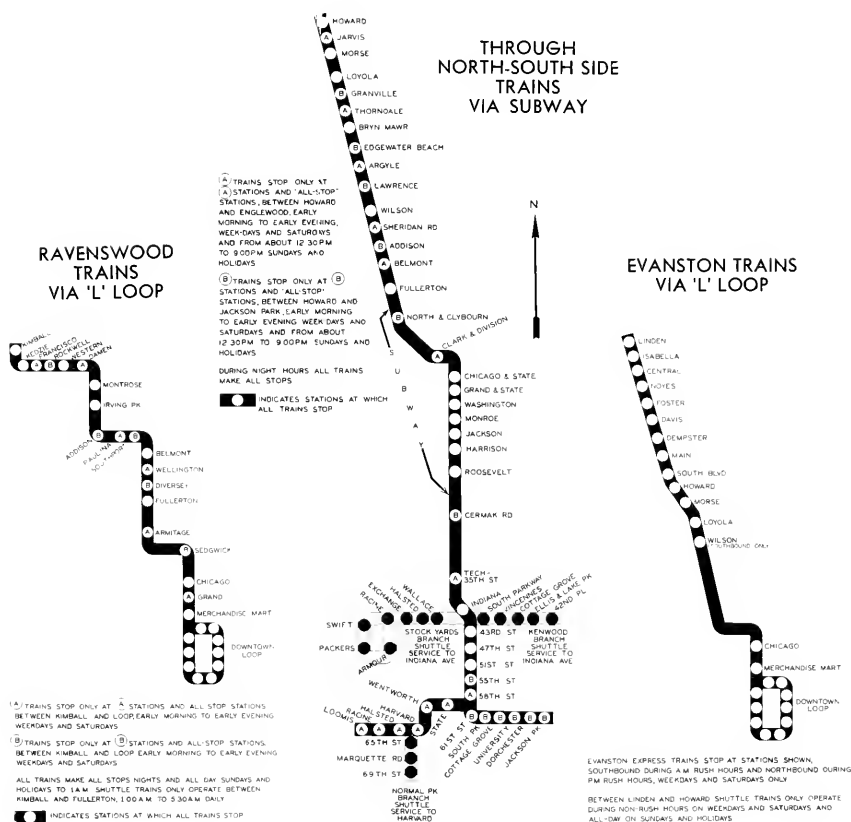
* On February 8, 1950 the Court denied the petition of the municipalities affected and upheld the action of the Authority.

was a 58 seat trolley bus, which in actual operation indicated that a bus of this capacity could maintain its place in traffic as readily as the smaller units.

Development of specifications for motor buses and trolley buses was completed incorporating all the features desired in the fleet of buses proposed to be acquired in 1950.

During the year 160 old streetcars and one trolley bus were retired from operation.

NEW NORTH-SOUTH ALL-EXPRESS SERVICE



Plant Improvement

Continued progress was made throughout the year on construction of additional servicing and storage facilities for buses.

The Beverly bus garage at 103rd and Vincennes was opened for operation on December 4, 1949. This is the first new all bus garage to be built by Chicago Transit Authority. Ten of the far southside bus routes are being operated out of this depot. The building, costing approximately \$900,000, is constructed of face brick with glass block panels. It provides modern servicing facilities, as well as storage space, for 125 buses. This new terminal building is 350 feet long and 200 feet wide on the ground floor. It also provides office and waiting room space for the transportation department, supervisory and operating personnel on the second floor, which covers a portion of the building.

Preparation of the site, including paving, was nearly completed on the North Park bus garage to be located at Kedzie and Foster Avenues. Construction of the service and shops building and the transportation building at this location was also underway. This garage will provide storage capacity for more than 400 buses.

The Burnside car house located at 93rd Street and S. Drexel Avenue was retired from operation. One of the oldest on the system, this car house operation became too small to be conducted economically because a number of streetcar lines in that area had been converted to bus operation. The remaining car operation was transferred to the station at 77th and Vincennes.

Other additions to plant, to ensure better and more efficient service, included snow fighting equipment, modern shop tools and additional store room facilities, bus washers, and emergency utility equipment. A new rail puller was put in service which, by means of two 125 ton hydraulic jacks, can pull up in excess of 1000 feet of rail per day. This has proved helpful in expediting the street repaving program of the City of Chicago on those routes where buses have been substituted for streetcar operation.

Rates of Fare

The Board, on April 26, 1949, adopted a resolution providing a routine for handling and disposing of a suggested change in rates of fare. Although no change in fare was contemplated at that time, it was considered desirable to establish routine procedures by which the rates of fare would be determined, when changes were desirable and necessary.

The resolution provides for a written report by the General Manager to the Chairman of the Board, setting forth the facts which in his opinion call for a change in the rates of fare, accompanied by recommendations for such fare structure revisions that he believes are necessary or desirable and in the public interest. Provision is made also for a public hearing and representation by counsel of any affected municipality desiring to be so represented. The Board's decision on fare changes recommended by the General Manager is to be made not later than 20 days following receipt of his report.

This procedure was followed, with some clarification and modifications which were found

necessary by the Board, in the fare hearings which were held in September and October. The General Manager had proposed an adjustment in rates of fare, which was formally received by the Board on September 14, 1949, and had recommended a 15 cent fare on the Surface System and a 20 cent fare on the Rapid Transit System for adult passengers. He stated that increased rates were necessary to offset the effect of declining traffic and to meet increased costs resulting particularly from the pension and wage settlements. He reported that, in spite of substantial operating economies, a deficit of approximately \$9,307,000 could be expected by May 31, 1950, under the then existing fare rates, after provision for depreciation but before any provision for operating expense reserve, municipal compensation or modernization.

Public hearings were held by the Board on September 22, 23, 27, 28, 29, 30, and October 3, 4, 5, 6, and 7. At the hearings the General Manager and the staff of Chicago Transit Authority presented not only detailed facts and data in support of the report and recommendations of the General Manager but also prepared and presented additional materials requested by members of the Board, by various representatives of municipalities, and by others who participated in the proceedings. Municipalities, public officials, civic associations, labor organizations, and other interested groups and individual citizens participated fully by presenting evidence, examining and cross-examining the witnesses, presenting suggestions, contentions, arguments and opinions, orally and by motions and petitions.

Management witnesses strongly emphasized the requirements of Section 30 of the Metropolitan Transit Authority Act which requires the Authority to charge rates of fare sufficient in the aggregate to meet operating and maintenance costs including pension costs and all fixed and other charges. The latter include debt service, depreciation, allowance for extraordinary operating expenses, for compensation for use of city streets and city-owned subways, and provision for modernization.

On October 13, 1949, after reviewing the evidence, the Board adopted an ordinance prescribing changes in rates of fare effective at 12:01 A.M. Saturday, October 15, 1949. Adult fares on the Surface System were increased from 13 cents to 15 cents, and adult rates on the Rapid Transit System were increased from 15 cents to 17 cents. Children and school fares were increased from 6 cents to 7 cents. The 20-cent through fare for suburban riders was not changed.

Counsel for one of the groups that participated in the public hearings attempted to enjoin the Authority from putting the new rates into effect, a temporary injunction by the Circuit Court was promptly set aside by the Appellate Court pending a full and complete hearing. At the conclusion of the hearing the Appellate Court ruled against the plaintiffs.

The Board is of the opinion that promotional fares of various types may be adopted after there is assurance that revenues will be adequate. In line with this opinion the Board established, effective October 17, 1949, an experimental rush hour 10-cent shuttle service between the Northwestern and Union depots and the heart of the central business district. This included special 10-cent streetcar service operating on Madison Street eastbound in the morning and westbound in the evening, as well as several 10-cent bus routes serving principally Canal Street, E. Wacker Drive and Adams Street.

Real Estate

A thorough study was made of all real estate owned by the Authority as to its future usefulness in local transit operations. The purpose of this survey was to enable the Authority to offer for sale real estate no longer considered necessary for present or future local transit operations.

Thirty-two parcels of non-operating real estate were contracted for sale during the year 1949 for a total sales price of \$799,294. Sales were made to the highest bidders, after advertising, and after receiving appraisals and recommendations from our real estate consultants. Several small parcels were sold by direct negotiations where satisfactory bids had not been received.

The Authority had 9 additional parcels of real estate on the market to be sold in 1950. The total valuation of these parcels was approximately \$500,000.

For operating purposes, principally for off-the-street terminals and new garage sites, the Authority purchased 13 parcels of real estate during the year at a total cost of \$122,074.

Power Contracts

On June 9, 1949, the Board approved contracts with the Commonwealth Edison Company and the Public Service Company of Northern Illinois for electric service to be furnished to the Authority during the ten year period from May 1, 1949, to and including April 30, 1959, and thereafter until terminated by either party at the end of any month on not less than one year's notice.



Off-street connection between surface and elevated routes at Leland and Western.

A temporary agreement had been in effect since October 1, 1947, which was virtually a continuation of several predecessor contracts negotiated in 1912 and 1913 except for waivers and adjustments of the original fuel cost and conversion charges. The temporary arrangement involved the obligation to negotiate a new contract.

It is estimated that, based on CTA power requirements at the time for negotiations, the new contracts would increase power bills by approximately \$1,118,000 per year. Of this, \$300,000 is due to new or additional taxes (3 per cent state utility tax and an additional 1 per cent City Compensation) imposed upon Commonwealth Edison within recent years. The balance of \$818,000 largely reflects the higher cost of generating and distributing power due to increases in the cost of labor and materials since 1931, when those factors were pegged at the then existing costs.

Under the contracts the power companies turned over to the CTA, without charge, ten substations and associated land and buildings, where local transit use is exclusively served, as well as the local transit power conversion facilities in twenty other substations serving both street railway and other customers. This is in accordance with a program to put all such conversion facilities directly under CTA.

Pensions

A Board of Arbitration, consisting of Hon. Wm. V. Brothers, Judge of the Circuit Court of Cook County, State of Illinois, Chairman; Hon. Cornelius J. Harrington, Judge of the Circuit Court of Cook County, State of Illinois, arbitrator appointed by Division 241 and 308, Amalgamated Association of Street, Electric Railway and Motor Coach Employes of America; and Mr. Thomas C. Strachan, Jr., arbitrator appointed by Chicago Transit Authority, was constituted in accordance with the arbitration agreement entered into between the parties on March 8, 1949. Having been notified of their respective appointments, the Board began the hearing of evidence on April 11, 1949. The hearings were concluded on Friday, May 6, 1949.

The Board of Arbitration made its award on May 11, 1949. Thomas C. Strachan Jr., arbitrator appointed by Chicago Transit Authority dissented from the majority opinion stating among other things, that:

"Any financial burden of the C.T.A. must be borne by its patrons. On the basis of the evidence as I understand it, the conclusion is unescapable that C.T.A. cannot carry the added burdens imposed by the majority without increasing fares, and that it would be improvident to postpone the increase until a deficit actually occurs."

The award provided that the pension plan applied to all employes covered by the collective bargaining agreements in effect between the parties, including employes on leave of absence while holding office in the Association or its International Office. Based on the arbitration award, an agreement was entered into for a period of three (3) years beginning June 1, 1949, and renewable by mutual agreement for successive periods of three years each. The agreement provides that either party may request changes and amendments by serving notice upon the other party within sixty (60) days prior to June 1, 1952, and triennially thereafter. It provides further that in the event the parties cannot agree on such changes or amendments requested as of June 1, 1952, or as of a subsequent opening date, such changes and amendments shall be submitted to a board of arbitration for final and binding decision.

CHICAGO TRANSIT AUTHORITY

Except for certain limitations, the contributions of the Authority and of the employees are the following stated percentages of compensation from the effective date of the Plan:

	<u>Employees</u>	<u>Authority</u>
1st year (June 1, 1949 to May 31, 1950)	Two (2) per cent	Three (3) per cent
2nd year (June 1, 1950 to May 31, 1951)	Two (2) per cent	Four (4) per cent
3rd year (June 1, 1951 to May 31, 1952)	Two and one-half (2.5) per cent	Five (5) per cent

An employee retiring at the normal retirement date (age 65) will receive an annual retirement allowance paid in equal monthly installments for life which will be computed according to the following formula:

(1) One (1) per cent of his annual rate of past service compensation for each year of continuous service from the date of original employment to the effective date of the Plan; plus

(2) One and one-half ($1\frac{1}{2}$) per cent of the employee's compensation for continuous service from and after the effective date of the Plan.

Such allowance will be not less than Seventy-five Dollars (\$75.00) per month provided the employee has had twenty (20) years of continuous service and has attained the age of sixty-five (65) years or more.

No employee will be eligible to receive a retirement allowance unless he shall have been employed for at least three years of continuous service.

Numerous other provisions are included in the agreement. The cost of pensions, including the deposit in lieu of social security, to the Authority for the year preceeding the new contract was \$1,329,000. The estimated costs of pensions, including the deposit in lieu of social security, to the Authority for each of the three years covered by the new agreement are as follows:

For 12 months ending May 31, 1950	\$3,200,000
For 12 months ending May 31, 1951	\$4,000,000
For 12 months ending May 31, 1952	\$4,800,000

The later rate will be maintained after May 31, 1952, subject to amendment either by agreement or arbitration

Wage Agreement

The various unions served notice on Chicago Transit Authority sixty days prior to the termination of the agreements, which expired on May 31, 1949, indicating their desire to open the contracts for adjustments of wages and working conditions. The unions had requested an increase of fifteen cents per hour in wage rates which, together with changes in working conditions that were proposed, would add a total of \$11,000,000 per year to the labor costs based on the employment level at the time the new contracts were negotiated.

Agreements were first reached with Division 241 and 308 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees and the basis for contracts with

WAGE AGREEMENTS

these unions as to wages and conditions of employment for the contract year beginning June 1, 1949, were approved by the Board on September 8, 1949.

Basically these contracts provided for an increase of five cents per hour effective June 1, 1949, with an additional increase of five cents per hour effective December 1, 1949. Agreements were reached with the other unions along similar lines and were approved by the Board on December 1, 1949. The estimated cost of the adjustment in wages and working conditions is approximately \$6,000,000 per annum based on the employment level at the time the new contracts were negotiated.

Status of Modernization

The status of the \$150,000,000 modernization program which was adopted by the Board prior to the sale of its revenue bonds, is reflected to the end of the year 1949 herewith.

Total Estimated Cost of Modernization Program \$150,000,000
Modernization Program Completed to Date:

Expenditures made by:

Chicago Surface Lines and Chicago Rapid
Transit Company with approval of Chi-

cago Transit Authority \$11,772,000

Chicago Transit Authority:

October 1, 1947 to December 31, 1948. \$25,603,000

Year ended December 31, 1949 5,118,000 30,721,000

\$ 42,493,000

Modernization Program remaining uncompleted at December 31, 1949 . . . \$107,507,000

The program, as adopted, contemplated that \$52,125,000 would be expended by the close of the fiscal year 1949. Of the \$42,493,000 expended, \$33,408,000 was for new passenger vehicles. This includes 600 PCC streetcars, 900 motor buses, 210 trolley coaches and 4 rapid transit cars. Partial payments of \$756,000 for work in progress, have been made on the 130 rapid transit cars on order.

Public Information

A comprehensive program of public information, established in 1947 to keep riders advised of all phases of CTA, operations, modernization efforts, and finances, was carried on at an accelerated pace during the year 1949.

Frequent release of news stories of this nature to metropolitan and community newspapers, news service agencies, and radio-television stations, continued to be a highly important part of the informational activity.

In addition to the preparation of such releases, the Public Information Department continued to act as a clearing house for newspapers and radio stations in the development of

suitable material for feature stories and broadcasts, and in furnishing factual data concerning unusual occurrences on CTA properties to the public and press alike.

Other media, such as paid newspaper advertising, car and station cards, posters, signs, window stickers, direct-mail pieces and the CTA bi-monthly passenger publication, RIDER'S READER, were also used to assure full dissemination of important service information to the riding public.

A promotional campaign designed to encourage increased use of CTA facilities was conducted consistently throughout the year. Paid newspaper advertising space was used in the early part of 1949 and display facilities on CTA vehicles and rapid transit structures were employed regularly. The campaign, generally, featured points of interest in Chicago served by CTA lines, and stressed the advantages of public transit vehicles over the private automobile.

About 200,000 copies of a system-wide transit map of Chicago were distributed throughout the year to both regular riders and visitors in Chicago. In addition, 50,000 copies of a SEE CHICAGO folder, featuring attractions in the city and adjoining suburbs, were distributed during the summer months to stimulate travel on CTA lines during off-peak hours.

The Chicago Transit Authority continued to cooperate in publicizing various civic, charitable and patriotic promotional programs in 1949. Typical examples of the activities represented in such campaigns include, the Mayor's committees for reduced traffic accidents, for staggered working hours, and for a cleaner city; the Chicago Park District and Cook County Forest Preserve District efforts to stimulate wider use of their recreational facilities; the recruiting drives of the Army, Navy and National Guard; and the fund-raising appeals of the Red Cross, Community Fund, Heart Association, and similar organizations.



This modern rail puller built especially for CTA is equipped with powerful hydraulic jacks.

PUBLIC INFORMATION

A series of traffic safety posters were prepared by CTA for display in public and parochial grammar schools, with the endorsement of city, school and safety officials. Because of the popularity of this initial effort, additional posters have been prepared for use in the grammar schools in 1950, and a new series is being introduced in the high schools in cooperation with the Chicago Safety Information Committee and the School Board.

As a further effort to reduce street traffic accidents, CTA published a safety booklet, with the assistance and approval of city officials and safety leaders. A total of 500,000 copies of this booklet were distributed to motorists in the city's automobile safety lanes during the year.

The Public Information Department also publishes a monthly magazine which circulates to CTA's 21,000 employees. It keeps the CTA family abreast of latest developments within the organization and the industry generally, and carries feature material designed to encourage better and more courteous transit service.

Since its inception, CTA has welcomed service suggestions and constructive criticism from its riders. To make certain that these ideas receive prompt consideration and reply, all such communications from the public, both verbal and written, are recorded and routed into proper channels by the service section of the Public Information Department.

Every effort is being made to establish the efficiency of CTA's public information service at the highest possible level, to the end that the public may be thoroughly familiar with the activities and plans of the Authority which are so vital to the future welfare of the Chicago area.

This department also has the responsibility of supervising the sale and display of advertising, as well as the operation of concessions, on CTA facilities.

In the process of letting contracts the Board ordered, during the summer of 1948, a study by the Public Information Department of car card advertising for use in deciding preferable forms of agreement to cover these activities on the Authority's properties. This study was completed early in the year 1949 and, with the information so provided, the management negotiated a two year contract with Chicago Car Advertising Co. to continue the operation of card and poster advertising on facilities of the CTA. During the later months of 1949, actual procedure was started to request approval of the City Council for use of commercial display on the exteriors of passenger equipment, which, when effective, will yield a substantial amount of additional revenue to the CTA.

Contract documents covering newsstand and vending machine concession rights for five year periods, at rapid transit passenger stations and employe locations were, after complete studies, prepared and advertised for bids. Late in December, 1949, the Board awarded four of these contracts on satisfactory bases. The fifth, covering vending of soft drinks at rapid transit passenger stations, was rejected for readvertising early in 1950.*

There is reason to anticipate that, under the new bases of agreements and operations, these concessions will also produce worthwhile increases in revenue.

***The contract for vending of soft drinks at rapid transit stations was awarded on February 2, 1950.**

Organization and Management

Chicago Transit Board

Philip Harrington, first Chairman of Chicago Transit Board, died on February 11, 1949. It was due to Mr. Harrington's able direction that Chicago Transit Authority was established as a going operation and that the program of transit modernization was well under-way. Statements covering Mr. Harrington's life and accomplishments were printed in the 1948 annual report of this Board.

Mr. Ralph Budd, who retired as President of the Chicago, Burlington & Quincy Railroad Co. on August 31, 1949, was appointed a member of Chicago Transit Board effective May 25, 1949 for the unexpired part of Mr. Harrington's term, which expires on September 1, 1952. The appointment of Mr. Budd was made by the Honorable Martin H. Kennelly, Mayor of Chicago, and approved by the Honorable Adlai E. Stevenson, Governor of Illinois. Mr. Budd was elected Chairman of the Board for a three year period beginning September 1, 1949. Mr. Budd served without compensation until he was elected Chairman.

The term of Mr. Frank McNair as a member of the Board expired on September 1, 1949. He continued to serve, however, as provided by law, until the appointment of his successor was confirmed. He was succeeded by Mr. John S. Miller, who was appointed by the Honorable Adlai E. Stevenson, Governor of Illinois. The appointment was approved by the Honorable Martin H. Kennelly, Mayor of Chicago, and became effective December 20, 1949, and is for the period ending September 1, 1956. Mr. Miller is a partner in the law firm of Taylor, Miller, Busch and Magner.

In the transaction of its business during the year the Board held thirty-one meetings all of which were open to the public. The Board held numerous conferences and presided at twelve public hearings in connection with the establishment of all-express North-South rapid transit service and conducted public hearings extending over eleven days on the proposed changes in rates of fare. The committee on service and extensions held numerous public hearings also, and met frequently with the engineering and operating staff to consider service problems. The various committees considered purchase of materials and supplies, sales and purchases of real estate, placing of insurance, new power contracts with the Commonwealth Edison Company and the Public Service Company of Northern Illinois, new contracts for advertising in cars and stations and for concessions, design and specifications of new equipment, and the settlement of pension and wage requests, and other factors relating to employment.

Operating Organization

Unification of the separate electrical departments of the Surface and Rapid Transit Systems was made effective early in the year and Mr. Carl W. Wolf was appointed electrical engineer in charge of the department. Mr. H. M. Essington was appointed electrical engineer in charge of power and Mr. J. M. Michnick was appointed electrical engineer in charge of distribution system.

OPERATING ORGANIZATION

Other examples of unification within the organization included adding the supervision of operation of the loop section of the Rapid Transit System to the West side section; and the consolidation of the service of the utility and wreck truck divisions into the utility and emergency service division. The Hamlin Avenue inspection shop of the Rapid Transit System was consolidated with the west shops of the Surface System.

Police powers were given to the Authority's small staff of plain-clothesmen by action of the Board. This was pursuant to the Metropolitan Transit Authority Act which gives the Authority the power to police its properties. The operatives may now pursue and arrest pick-pockets and purse-snatchers beyond the limits of the Authority's property.

Personnel

During the year 1355 transportation department operating personnel left the service of the Authority. Of these 502 retired on pensions or disability. New employees hired numbered 580. There was a net decrease of 775 transportation employees by the end of the year with 11,652 in this service.

Of the employees in other departments, 759 left service during the year, 236 being retired on pensions or disability, 432 new employees entered service. At the close of the year there were 20,873 persons in all employed by the Authority or about 1000 less than a year ago.



Beverly Bus garage is equipped with the latest in modern maintenance equipment.

CHICAGO TRANSIT AUTHORITY

Mr. G. T. Hellmuth, Chief Attorney of the General Law Division, retired on November 30th.

The following department heads died during the year—Mr. P. N. Simmons, Manager of Personnel; Mr. William A. Hall, Superintendent of Transportation for the Surface System; and Mr. L. J. Dixon, Storekeeper. They were men of especially high standing and attainment in their particular fields of activity.

As a result of these retirements and deaths a number of new appointments and divisions of duties were made. Mr. William S. Allen was appointed Chief Attorney of the General Law Division and Mr. James O. Dwight was appointed Chief Attorney of the Accident Division. Mr. R. J. McKinney was appointed General Superintendent of Transportation for the Surface System. Mr. J. T. Harty was appointed General Storekeeper. The Employment, Accident Prevention, Training and Job Classification Departments which formerly reported to the Manager of Personnel now report to Mr. Charles E. Keiser, Executive Assistant. The Medical Department reports to Mr. H. B. Storm, Superintendent of Employee Benefits and Insurance. All of these appointments were made from the personnel of the Authority.

Concerning general employment matters the Employment Committee of the Board was constituted a committee to hear all complaints based upon discharge or demotion of employes or officers of Chicago Transit Authority as provided under Section 28 of the Metropolitan Transit Authority Act.

Concerning the classification of employes required under the Metropolitan Transit Authority Act the job analysis portion of the program was completed during the year. The



After ten years, the bridge over the Chicago River at State Street was completed.

duties and responsibilities of all employes of the Authority, as represented by approximately 1500 job analysis schedules, have been analyzed and reviewed by representatives of management and labor. These job schedules have been grouped into 350 job classifications which will provide the factual data required for more effective personnel administration.

These data are being utilized in day to day operations and discussions are being held with representatives of the employes to develop a simplified salary structure for non operating personnel. The job structures are being used as a basis for preparing job bulletins and for developing hiring specifications and work standards.

Planning for 1950

Among the improvements that are urgently needed to be completed in 1950 is the modernization of the South Shops for more effective maintenance of modern rolling stock. The Logan Square terminal must likewise be rearranged to permit more shop work to be done there when subway operation with new cars is introduced on the Logan Square "L" line. Adequate transfer facilities between Surface and Rapid Transit should also be developed at Logan Square. Terminal facilities should be developed at Cicero Avenue on the Douglas Park Branch of the rapid transit system to provide adequate transfer facilities for bus routes which should terminate at this location.

It is also desirable to start development of the site at Central and Bryn Mawr Avenues for housing and servicing facilities for trolley buses and motor buses. A substantial start on this development, which will house in excess of 400 units, is dependent upon additional financing.

Orders for new passenger equipment are likewise dependent upon additional financing. It is the purpose to acquire about 500 additional buses and 300 rapid transit cars, including the 130 subway-elevated cars which are under construction.

The Milwaukee-Dearborn-Congress Subway being built by the City of Chicago and the Federal Works Agency is expected to be ready for operation before the end of the year. This will require some rearrangement of Chicago Transit Authority facilities.

In considering plans for 1950 we may well review the effect of the second year of operation of several major improvements. The first relates to the Archer Avenue line, which in 1948 was converted from part streetcar and part bus service to all bus operation, with both local and express service. The fare for express service was set at the same rate as the rapid transit fare. The gain in passenger revenue on this route during the year 1949 as compared with 1948 was 8.9 per cent. Whereas, the passenger revenue increase on all of the Surface system routes was but 1.1 per cent. The all-express service on the Lake Street elevated line was likewise in its second year of operation. In 1949 the passenger revenues from that route was 6.9 per cent higher than in 1948. Whereas, the loss in passenger revenue on the rapid transit system as a whole was 0.2 per cent. These instances indicate the favorable response to improved service.

CHICAGO TRANSIT AUTHORITY

We are hopeful that the modernization can be continued and even speeded up. People naturally want the best service they can get at the lowest fares possible. Since charges reflect actual operating costs, we are doing everything possible to operate as efficiently as conditions permit. Continued modernization will bring about lower operating costs and will at the same time result in better and more convenient service. To attain that end the Board has authorized the Chairman and the General Manager to investigate every possible way or method of continuing the modernization program.

The Board acknowledges, with thanks, the continuing effort by employees to bring about improved service.

Appreciation is expressed of the helpful attitude of the public in adjusting their travel habits to the numerous changes made in the interest of improved service and efficiency.

Room A-645
175 W. Jackson Boulevard
Chicago 90, Illinois
March 28, 1950

By order of the Board

Ralph Budd
Chairman



Beverly Bus terminal, first all-new garage to be completed by CTA.

AUDITORS' CERTIFICATE

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET
CHICAGO 3

To the Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1949, and the related statements of funds, of income and of application of revenues for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made a similar examination for the year ended December 31, 1948.

In our opinion, the accompanying balance sheet and related statements of funds and of income present fairly the financial position of Chicago Transit Authority as of December 31, 1949, and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

It is our further opinion that the accompanying statement of application of revenues presents fairly the distribution made of revenues of Chicago Transit Authority for the year ended December 31, 1949, and was prepared in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds.

Arthur Andersen & Co.

Chicago, Illinois,
March 14, 1950.

	December 31	
	1949	1948
Assets		
Transportation Property, at cost	\$105,648,790	\$100,196,681
Reserve for Depreciation	9,673,501	5,876,638
	<u>\$ 95,975,289</u>	<u>\$ 94,320,043</u>
Special Funds		
Cash and U. S. Government Securities (see accompanying statement of funds)—		
Under control of Trustee—		
Special modernization	\$ 1,232,192	\$ 1,252,689
Modernization	41,959	36,814
Depreciation reserve	1,666,358	2,667,521
Series of 1947 Revenue Bond reserve	2,889,000	1,605,000
Operating expense reserve	150,000	150,000
Transit revenue	—	116,320
	<u>\$ 5,979,509</u>	<u>\$ 5,828,344</u>
Damage reserve	2,657,033	2,515,570
Funds held for Employees' Retirement Plan (transferred to Pension Trustee in 1950)	3,785,111	1,931,241
	<u>\$ 12,421,653</u>	<u>\$ 10,275,155</u>
Current Assets		
Cash and U. S. Government securities (see accompanying statement of funds)—		
Working cash (including \$5,000,000 provided from Revenue Bond proceeds)	\$ 10,051,597	\$ 9,854,861
Cash reserved for payment of purchase price adjustments, etc.	205,274	310,530
Deposit for payment of Revenue Bond interest due January 1	1,908,020	1,908,020
Municipal compensation fund	—	1,035,447
	<u>\$ 12,164,891</u>	<u>\$ 13,108,858</u>
Accounts receivable	634,635	727,237
Materials and supplies, at average cost	8,029,942	7,772,763
Prepayments and other current assets	540,141	186,739
	<u>\$ 21,369,609</u>	<u>\$ 21,795,597</u>
Deferred Charges	<u>\$ 187,363</u>	<u>\$ 234,242</u>
	<u><u>\$129,953,914</u></u>	<u><u>\$126,625,037</u></u>

COMPARATIVE BALANCE SHEETS

	December 31	
	1949	1948
Liabilities		
Revenue Bonds, Series of 1947		
3¼% due serially from July 1, 1953 to 1957	\$ 11,000,000	\$11,000,000
3¾% due serially from July 1, 1958 to 1961	8,000,000	8,000,000
3½% due serially from July 1, 1962 to 1965	8,000,000	8,000,000
3¾% due serially from July 1, 1966 to 1972	13,000,000	13,000,000
3¾% due July 1, 1978	65,000,000	65,000,000
	<u>\$105,000,000</u>	<u>\$105,000,000</u>
Accumulated Net Revenues		
Appropriated for debt service requirements	\$ 2,889,000	\$ 1,605,000
Appropriated for operating expense reserve	150,000	150,000
Appropriated for modernization	116,320	116,320
Deficiency in revenues (representing por- tion of 1949 depreciation not earned)	(856,158)	
	<u>\$ 2,299,162</u>	<u>\$ 1,871,320</u>
Current Liabilities		
Accounts payable	\$ 4,378,969	\$ 3,656,012
Accrued wages	2,727,793	2,773,605
Accrued revenue bond interest	1,908,020	1,908,020
Accrued municipal compensation	—	1,035,447
Unredeemed tickets and tokens	34,901	21,747
Estimated net payable for adjustments to purchase prices of acquired properties	154,045	153,195
	<u>\$ 9,203,728</u>	<u>\$ 9,548,026</u>
Deferred Liability (for repaving of abandoned right of way)	\$ 1,250,000	\$ —
Reserves		
Damage	\$ 8,415,913	\$ 8,274,450
Employees' Retirement Plan	3,785,111	1,931,241
	<u>\$ 12,201,024</u>	<u>\$ 10,205,691</u>
Commitments, under modernization program, approximately \$4,700,000		
	<u>\$129,953,914</u>	<u>\$126,625,037</u>



The new emergency trucks are equipped with a hydraulic tower working platform.



It takes only 40 seconds to wash the exterior of a bus in automatic washer.

SEE INSIDE PAGES FOR
STATEMENT OF FUNDS



The new emergency trucks are equipped with a hydraulic tower working platform.



It takes only 10 seconds to wash the exterior of a bus in automatic washer.

CHICAGO TRANSIT AUTHORITY

STATEMENT OF FUNDS

For the Year Ended December 31, 1949

Funds Under Control of Trustee

Other Funds

	Total	Transit Revenue	Special Modernization	Modernization	Depreciation Reserve	1947 Series of Revenue Bond Reserve	Bond Interest	Operating Expense Reserve	Municipal Compensation	Damage Reserve	Funds Held for Employees Retirement Plan	Working Cash	Other Cash
Balance December 31, 1948													
Classified in accompanying balance sheet as:													
Special funds	\$ 10,275,155	\$ 116,520	\$1,252,689	\$ 36,814	\$2,667,521	\$1,605,000	\$ 1,908,020	\$150,000	\$ 1,035,447	\$2515,570	\$1,931,241	\$ 9,854,861	\$ 270,739
Current assets	13,108,858									39,791			
	\$ 23,384,013	\$ 116,520	\$1,252,689	\$ 36,814	\$2,667,521	\$1,605,000	\$1,908,020	\$150,000	\$1,035,447	\$2,555,361	\$1,931,241	\$ 9,854,861	\$270,739
Eliminate — Fund transfers and deposits recorded at December 31, 1948, but made after that date	357,488*	2,599,046	1,581,563	26,182	3,571,340	8,780	699	50,000*	366,900*	492,138*	100,042*	7,136,018*	
Balance December 31, 1948 — after eliminating above transfers and deposits	\$ 23,026,525	\$ 2,715,366	\$2,834,252(1)	\$ 62,996	\$6,238,861	\$1,613,780	\$1,908,719	\$100,000	\$ 668,547	\$2,063,223	\$1,831,199	\$ 2,718,841	\$270,739
Add — Receipts													
Collection of revenues	\$115,997,957	\$115,955,328	\$ 3,589	\$	\$ 25,293	\$ 855	\$ 10,384	\$ 36	\$ 2,472	\$	\$	\$	\$
Other receipts	3,594,376	3,076,705								12,507	9,741	495,423	
Transfers from Transit Revenue Fund		116,338,562*		116,320	4,002,480	1,284,000	3,816,250	50,000	366,900			106,702,612	
Insurance recoveries and net proceeds from sales of property		112,500*		465,796								353,296*	
Other net transfers		11,083					11,083*			5,593,613	3,736,501	9,330,114*	
	\$119,592,333	\$ 2,592,054	\$ 3,589	\$582,116	\$4,027,773	\$1,284,855	\$3,815,551	\$ 50,036	\$ 369,372	\$5,606,120	\$3,746,242	\$97,514,625	\$
Deduct — Disbursements													
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	\$101,930,282	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$101,930,282	\$
Disbursements for purposes for which funds were created	16,713,458		1,420,733	134,916	8,238,268		3,816,250		1,035,447	5,336,044	2,307,824	5,576,024*	
	\$118,643,740	\$	\$1,420,733	\$134,916	\$8,238,268	\$	\$3,816,250	\$	\$1,035,447	\$5,336,044	\$2,307,824	\$96,354,258	\$
Balance December 31, 1949 — before transfers described below:													
Cash	\$ 15,475,774	\$ 5,307,420	\$1,417,108(1)	\$510,196	\$ 233,238	\$ 1,752	\$ 1,240	\$ 929	\$ 2,472	\$2,333,299	\$1,518,171	\$ 3,879,210	\$270,739
U. S. Government securities (at cost)	8,499,344				1,795,128	2,896,883	1,906,780	149,107			1,751,446		
	\$ 23,975,118	\$ 5,307,420	\$1,417,108	\$510,196	\$2,028,366	\$2,898,635	\$1,908,020	\$150,036	\$ 2,472	\$2,333,299	\$3,269,617	\$ 3,879,210	\$270,739
Add or Deduct*													
December collections deposited January 3, 1950	611,426	611,426											
Fund transfers to be made after December 31, 1949—													
Transfers from Transit Revenue Fund		6,074,812*			2,108,028							5,966,784	
Reimbursement of Working Cash for disbursements payable from special funds			170,318*	641,608*	2,439,216*							3,251,142	
Other transfers		155,966	11,598*	173,371	30,820*	9,635*		36*	2,472*	373,269	515,494	1,045,539*	115,000*
Balance December 31, 1949	\$ 24,586,544	\$	\$1,232,192	\$ 41,959	\$1,666,358	\$2,889,000	\$1,908,020	\$150,000	\$	\$2,706,568	\$3,785,111	\$10,051,597	\$155,739
Classified in accompanying balance sheet as—													
Special funds	\$ 12,421,653	\$	\$1,232,192	\$ 41,959	\$1,666,358	\$2,889,000	\$ 1,908,020	\$150,000	\$	\$2,657,033	\$3,785,111	\$ 10,051,597	\$ 155,739
Current assets	12,164,891									49,535			
	\$ 24,586,544	\$	\$1,232,192	\$ 41,959	\$1,666,358	\$2,889,000	\$1,908,020	\$150,000	\$	\$2,706,568	\$3,785,111	\$10,051,597	\$155,739

* Denotes deduction

NOTE: (1) Includes \$1,220,570 at December 31, 1948, and \$161,925 at December 31, 1949, held by Special Master. Such amounts were available for withdrawal on the basis of expenditures made or for which liabilities were recorded at the respective dates.

CHICAGO TRANSIT AUTHORITY

Statements of Income (See note)

For the Years Ended December 31, 1949 and 1948

	1949	1948
Revenues	\$116,239,238	\$115,645,824
Operating Expenses		
Operation and maintenance expenses—		
Way and structures	\$ 8,489,381	\$ 7,579,727
Equipment	12,840,405	12,801,774
Power	10,904,288	10,147,515
Conducting transportation	60,882,843	60,897,576
General (Including provisions of \$5,710,031 and \$5,782,291, respectively, for damage reserve)	12,378,229	11,607,201
	\$105,495,146	\$103,033,793
Depreciation	6,500,000	5,400,000
Municipal compensation	-----	1,035,446
	\$111,995,146	\$109,469,239
Net operating income	\$ 4,244,092	\$ 6,176,585
Interest on Revenue Bonds	3,816,250	3,816,250
Net income (see note)	\$ 427,842	\$ 2,360,335

Note:

The above statements show the revenues, expenses and net income of the Authority for the years ended December 31, 1949, and 1948. These statements do not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statements of application of revenues.

Following is a reconciliation between the net income shown above and the final balance shown on the statements of application of revenues:

	December 31	
	1949	1948
Net income	\$ 427,842	\$ 2,360,335
Appropriated for—		
Debt service requirements (Series of 1947 Revenue Bond reserve)	\$ 1,284,000	\$ 1,284,000
Portion of 1947 depreciation require- ment not earned in that year	-----	810,015
Operating expense reserve	-----	150,000
Modernization (included in Transit Revenue Fund at December 31, 1948)	-----	116,320
	\$ 1,284,000	\$ 2,360,335
Balance (deficiency) —representing portion of 1949 de- preciation requirement for which monies were not available for deposit with Trustee	(\$ 856,158)	\$ -----

CHICAGO TRANSIT AUTHORITY

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)

For the Years Ended December 31, 1949 and 1948

	1949	1948
Revenues	\$116,239,238	\$115,645,824
Operation and Maintenance Expenses	105,495,146	103,033,793
	<u>\$ 10,744,092</u>	<u>\$ 12,612,031</u>
Debt Service Requirements		
Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Series of 1947 Revenue Bond reserve	1,284,000	1,284,000
	<u>\$ 5,100,250</u>	<u>\$ 5,100,250</u>
Balance	\$ 5,643,842	\$ 7,511,781
Other Requirements		
Depreciation—		
Current year's requirement	\$ 6,500,000	\$ 5,400,000
Portion of 1947 requirement not earned in that year		810,015
Operating expense reserve		150,000
Municipal compensation		1,035,446
Modernization (included in Transit Revenue Fund at December 31, 1948)		116,320
	<u>\$ 6,500,000</u>	<u>\$ 7,511,781</u>
Balance (deficiency)—representing portion of 1949 depreciation requirement for which monies were not available for deposit with Trustee	(\$ 856,158)	\$

Note:

There were not sufficient monies available in 1949 to deposit all of that year's depreciation provision with the Trustee, and, accordingly, no 1949 revenues were deposited in the Operating Expense Reserve Fund nor in the Municipal Compensation Fund. Deposits to these latter funds (the requirements for which are not cumulative) may be made only from monies remaining after the entire amount of the provision for depreciation has been deposited.

Operating Statistics

For the Year Ended December 31, 1949

	Surface System	Rapid Transit System	Combined System
Passenger and Traffic Statistics			
Revenue Passengers—			
Originating Passengers	724,851,315 (1)	122,259,827	847,111,142
Transfers from other systems . .	(2)	36,222,878	36,222,878
Transfers from Chicago Motor Coach .	(3)	3,087,565	3,087,565
Total Revenue Passengers	724,851,315	161,570,270	886,421,585
Revenue Vehicle Miles—			
Cars	79,590,670	47,571,024	127,161,694
Trolley Buses	9,983,165	.....	9,983,165
Motor Buses	36,395,399	.....	36,395,399
Total Revenue Vehicle Miles	125,969,234	47,571,024	173,540,258
Revenue* per Vehicle Mile	75.08c	41.62c	65.91c
Revenue Vehicle Hours—			
Cars	9,016,766	4,481,353	13,498,119
Trolley Buses	1,148,644	.....	1,148,644
Motor Buses	4,019,979	.....	4,019,979
Total Revenue Vehicle Hours	14,185,389	4,481,353	18,666,742
Power Statistics			
Direct Current—Kilowatt Hours	478,000,045	207,537,379	685,537,424
Average Cost per Kilowatt Hour	1.32c	1.31c	1.32c
Net cost of D. C. Power per			
Revenue Vehicle Mile	7.04c	5.72c	6.58c
Fuel Statistics			
Gasoline—			
Gallons	9,780,843	.....	9,780,843
Average Miles per Gallon	3.00	.....	3.00
Diesel Fuel—			
Gallons	1,553,750	.....	1,553,750
Average Miles per Gallon	4.52	.....	4.52

Notes:

- (1) Surface System originating traffic includes mail carriers.
- (2) Surface System receives no revenue on transfers from the Rapid Transit System and makes no record of passenger transfers from that System.
- (3) Passengers transferring from the Chicago Motor Coach Company buses are not reported.

*Passenger and chartered vehicle revenues.

CHICAGO TRANSIT AUTHORITY

Revenue Equipment Owned

December 31, 1949

Surface System

	On Hand Dec. 31, 1948	January 1, 1949 To December 31, 1949		On Hand Dec. 31, 1949
		Acquired	Retired	
Streetcars—				
P. C. C. Cars	683	.....	.....	683
Other Closed Platform	720	.....	40	680
Open Platform	1,193	.....	120	1,073
Total Streetcars	2,596	.....	160	2,436
Buses—				
Trolley Buses	362	.....	1	361
Gas—Mechanical	442	.....	.....	442
Gas—Hydraulic	472	.....	.....	472
Diesel—Hydraulic	136	.....	.....	136
Total Buses	1,412	.....	1	1,411
Total Surface Equipment	4,008	.....	161	3,847

Rapid Transit System

Elevated Cars—wood and steel	1,057	.....	.....	1,057
Elevated—Subway Cars				
Steel, Conventional type	455	.....	.....	455
Metal, Articulated	4	.....	.....	4
Total Rapid Transit Cars	1,516	.....	.....	1,516
Total Revenue Equipment Owned	5,524	.....	161	5,363

Mileage Owned, Leased and Operated

December 31, 1949

Track Owned or Leased

	Surface System	Rapid Transit System	Combined System
Owned	988.10	170.15	1,158.25
Leased	6.62	60.46	67.08
Total Track Owned or Leased	994.72	230.61	1,225.33

Revenue and Non-Revenue Track or Route Mileage

Revenue Miles in Operation—

Revenue Track in Operation	668.98	193.71	862.69
Trolley bus lines (Single way miles) in Operation .	131.51	.....	131.51
Motor bus lines (Single way miles) in Operation .	654.46	.....	654.46
Total Revenue Miles in Operation	1,454.95	193.71	1,648.66

Non-Revenue Miles—

Unused Track	238.12 (1)	.....	238.12 (1)
Track in yards and car houses	87.62 (2)	36.90 (3)	124.52
Connecting and storage bus lines	11.46	.....	11.46
Total Non-Revenue Miles	337.20	36.90	374.10

TOTAL	1,792.15	230.61	2,022.76
-----------------	----------	--------	----------

Notes:

- (1) Represents track sections from which power lines have been removed and tracks which are isolated (disconnected from operating lines).
- (2) Includes 33.80 miles Service Tracks on streets used by Work Cars, Pull-in and Pull-out Cars, Emergencies, etc.
- (3) Includes 7.64 miles Main Line Storage Track.

CHICAGO TRANSIT AUTHORITY

Statement of Transportation Property

December 31, 1949

	Balance Dec. 31, 1948	Additions	Retirements	Balance Dec. 31, 1949
Land	\$ 9,122,036	\$ 142,348	\$.....	\$ 9,264,384
Track	22,722,660	863,617	392,651	23,193,626
Machinery and Tools . . .	1,678,289	193,098	6,831	1,864,556
Electric Line Equipment . .	8,397,769	740,005	352,388	8,785,386
Buildings	11,198,664	2,293,547	177,742	13,314,469
Cars	19,684,579	1,097,624	84,300	20,697,903
Buses	17,823,903	540,308	71,128	18,293,083
Work Trucks, Auto and Service Equipment . . .	677,538	212,342	4,976	884,904
Furniture	392,961	55,000	1,348	446,613
Signals and Interlocking . .	305,650	60,907	7,475	359,082
Crossings, Fences and Signs .	58,371	16,377	158	74,590
Elevated Structures	5,988,371	5,849	65,845	5,928,375
Substation Equipment . . .	1,520,000	273	.....	1,520,273
Telephone and Communication	80,000	25,636	1,322	104,314
Engineering	28,574	11,342	.....	39,916
General and Miscellaneous .	432,000	360,000	.....	792,000
	<u>\$100,111,365</u>	<u>\$6,618,273</u>	<u>\$1,166,164</u>	<u>\$105,563,474</u>
Organization Expense . . .	85,316	.....	.....	85,316
Total Transportation Property	<u>\$100,196,681</u>	<u>\$6,618,273</u>	<u>\$1,166,164</u>	<u>\$105,648,790</u>

Summary of Depreciation Reserve
Year Ending December 31, 1949

Balance, December 31, 1948 .	\$5,876,638
Add-Provision for depreciation	6,500,000
	<u>\$12,376,638</u>
Deduct—	
Gross retirements of property	\$1,166,164
Net removal cost	286,973
Provision for paving abandoned right of way .	1,250,000
	<u>2,703,137</u>
Balance, December 31, 1949 .	<u>\$9,673,501</u>

CHICAGO TRANSIT AUTHORITY

Rates of Fare

Fares Applicable to:

SURFACE ROUTES

	Effective October 1, 1947	Effective May 11, 1948	Effective June 20, 1948	Effective October 15, 1949
Adult-General	10c	11c	13c	15c
Adult-Express	—	—	15c	17c
Children & School	5c	5c	6c	7c

RAPID TRANSIT

Adult				
Middle Zone (a)	12c	13c	15c	17c
North or West Zone (b)	8c	11c	13c	15c
Two zone through	15c	20c	20c	20c
Children & School				
Middle Zone (a)	5c	5c	6c	7c
North or West Zone (b)	4c	5c	6c	7c

(a) Middle Zone includes Chicago, Oak Park, Forest Park, Cicero and Berwyn.

(b) North Zone includes Evanston, Wilmette and Skokie, including Skokie bus. West Zone includes Maywood, Bellwood and Westchester.

Transfers are made from Surface Routes to Rapid Transit on payment of a 2-cent charge for adult passengers. There is no charge for children's transfers. Transfers from Rapid Transit to Surface Routes are made without additional charge. Children's fares apply to passengers (1) under 12 years of age; (2) school children 12 years of age or over presenting proper identification card; and (3) children under 7 years of age when not accompanied by an adult fare paying passenger. Children under 7 years of age when accompanied by an adult fare paying passenger are carried free.

Transfers for adult fare paying passengers are inter-changed between the lines of Chicago Transit Authority and Chicago Motor Coach Company. The fare on the Motor Coach System is 13 cents. Four cents additional is charged at Rapid Transit stations for transfers from the Motor Coach lines, and two cents additional is charged for transfers from Motor Coach Lines to the Surface System of the Authority. There is no charge for transfers from the lines of the Authority to the Motor Coach System. There is no transfer interchange with the Motor Coach for children or school fares.

Chronology

April 12, 1945

Metropolitan Transit Authority Act enacted by the General Assembly of the State of Illinois, was approved.

June 4, 1945

Metropolitan Transit Authority Act adopted by voters of City of Chicago and Village of Elmwood Park; and the City of Chicago ordinance, dated April 23, 1945, granting a fifty year exclusive franchise to Transit Authority was approved at referendum election.

June 28, 1945

First meeting of Chicago Transit Board. The Board was organized for the transaction of business, and Mr. Philip Harrington was elected its chairman.

July 10, 1945

Chicago Transit Board officially accepted the City of Chicago franchise ordinance and the assignment of the City's Plans on file in the United States District Court for acquisition of Surface Lines and Rapid Transit System.

July 24, 1945

The Governor of the State of Illinois approved "Parks Acts" giving the Authority operating rights in Chicago Park District.

November 21, 1945

The Supreme Court of the State of Illinois in ruling on an appeal from the lower Courts by the States Attorney of Cook County, who sought to enjoin the Authority from issuing bonds and questioned its powers, upheld the legality of the Metropolitan Transit Authority Act.

February 15, 1946

Judge Igou of the District Court filed opinions holding Chicago Transit Authority's plans for purchase of Chicago Surface Lines, and Chicago Rapid Transit Lines to be fair, equitable and feasible, warranting their submission to the security holders.

June 17, 1946

The District Court entered an order confirming the Plan for purchase of Chicago Surface Lines by Chicago Transit Authority. (Appeals taken from this order by Series "B" bondholders of Chicago Railways Company and Minority stockholders of Chicago City Railway Company were dismissed.)

February 26, 1947

United States District Court entered an order for confirmation of the Plan for purchase of Chicago Rapid Transit System by Chicago Transit Authority.

April 22, 1947

Sales to the Authority (as sole bidder) of the properties of Chicago Surface Lines and Chicago Rapid Transit Company, contingent upon the sale of bonds by the Authority, were held by Special Master Walter A. Wade at the Cook County Court House.

June 27, 1947

Mr. Walter J. McCarter appointed as General Manager of Chicago Transit Authority, effective as of the date when the Authority sells its initial issue of bonds.

July 10, 1947

Official Statement of Chicago Transit Authority offering \$105,000,000 of Series 1947 revenue bonds was approved by the Board. The official statement included a draft of the Ordinance authorizing the issuance of the bonds which ordinance incorporated by reference the form of trust agreement.

August 5, 1947

No bids were received for the bonds whereupon a bond sale agreement was entered into by the Authority with Harris, Hall & Company (Incorporated), The First Boston Corporation and Blyth & Co., Inc. whereby the bonds were sold by subscriptions.

September 30, 1947

The Bonds were delivered by the Authority and payment received. The Authority then made payments of \$75,000,000 for Surface Lines properties and \$12,162,500 for Rapid Transit properties.

October 1, 1947

Possession was taken of the properties formerly known as Chicago Surface Lines and Chicago Rapid Transit Company and operation was begun by Chicago Transit Authority as a unified system.

January 27, 1948

Improvement program for the first quarter of 1948 approved. This program designated specific routes for improvement and equipping with new vehicles. This set the pattern for the announcement at intervals of detailed improvements to be made.

February 1, 1948

Consolidation made effective of Rapid Transit and Surface Divisions enabling personnel and activities of many departments of the two divisions to be consolidated.

April 4, 1948

All express Rapid Transit Service established on Lake St. Elevated route, discontinuing ten little used stations.

CHRONOLOGY

May 11, 1948

Adult fares on Surface routes were increased from 10 cents to 11 cents and on Rapid Transit lines from 12 cents to 13 cents, and appropriate adjustments made in other fare rates.

June 20, 1948

By reason of wage increases amounting to approximately \$8,500,000 annually and because of other rising costs, new fare rates became effective. Adult Surface route fares were increased from 11 cents to 13 cents and adult fares on Rapid Transit lines were increased from 13 cents to 15 cents with appropriate changes in other fare rates.

June 24, 1948

Mr. Philip Harrington re-elected as Chairman of the Chicago Transit Board for the three year term ending June 28, 1951.

August 19, 1948

Contract approved for the purchase of 130 elevated-subway cars at a base cost of \$36,328 per car.

August 19, 1948

Chicago Transit Board approved basis for settlement of claims against Chicago Transit Authority by certain bondholders groups of Chicago Surface Lines Companies, said claims amounting to nearly \$16,000,000 being settled on the basis of turning over to the security holders of the Surface Lines Companies for distribution the escrowed Damage Reserve Fund of \$2,450,535.30 held by the Special Master. This agreement provided for settlement in full with minor exceptions.

December 7, 1948

A plan was presented to the City Council Committee on Local Transportation by the Board for the establishment of all express transportation service on the North-South Rapid Transit routes.

January 17, 1949

The first of twelve public hearings on the proposed North-South Rapid Transit service was held.

February 11, 1949

Mr. Philip Harrington, Chairman of Chicago Transit Board died.

April 26, 1949

The Board, by resolution, adopted procedures to be followed in connection with any recommendation for changes in rates of fare.

May 11, 1949

An arbitration award was handed down in the matter of pensions for the three year period ending May 31, 1952.

May 25, 1949

The appointment of Mr. Ralph Budd as a member of Chicago Transit Board, became effective for the term expiring September 1, 1952.

June 9, 1949

Contracts were approved with the Commonwealth Edison Company and the Public Service Company of Northern Illinois for electric service to be furnished to the Authority during the ten year period from May 1, 1949 to and including April 30, 1959, and thereafter until terminated by either party at the end of any month on not less than one year's notice.

August 1, 1949

All-express rapid transit service was placed in operation on North-South subway and elevated lines.

September 1, 1949

Mr. Ralph Budd began three-year term as Chairman of Chicago Transit Board, pursuant to election by the Board on August 4, 1949.

September 8, 1949

Contracts approved by the Board with Divisions 241 and 308 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees as to increased wages and conditions of employment for the year beginning June 1, 1949. The General Manager submitted a report to the Board recommending increases in the rates of fare.

September 22 to October 7, 1949

Public hearings were held on the proposed increases in rates of fare.

October 15, 1949

New rates of fare became effective, pursuant to an ordinance adopted by the Board on October 13, 1949. Adult surface route fares were increased from 13 cents to 15 cents and adult fares on rapid transit lines were increased from 15 cents to 17 cents with appropriate changes in other fare rates.

October 17, 1949

Shuttle streetcar and motor bus service at a 10-cent fare was established for rush hour operation between Northwestern and Union Stations and the central business district.

November 3, 1949

The Chairman and General Manager were authorized by the Board to investigate every possible way or method of continuing the Modernization Program.

December 4, 1949

The first completely new bus terminal and garage for use by Chicago Transit Authority, located at 103rd Street and Vincennes Avenue was opened for service.

December 9, 1949

Following a public hearing the budget was adopted for the year 1950 providing \$11,471,500 to cover operating costs, fixed and other charges. Essential capital expenditures were budgeted at \$9,103,500 and an additional \$11,091,000 was budgeted for capital improvements which are dependent on finances.

LEGEND

SURFACE ROUTES:

- MOTOR BUS
- TROLLEY COACH
- STREETCAR

RAPID TRANSIT ROUTES

- ELEVATED
- SUBWAY

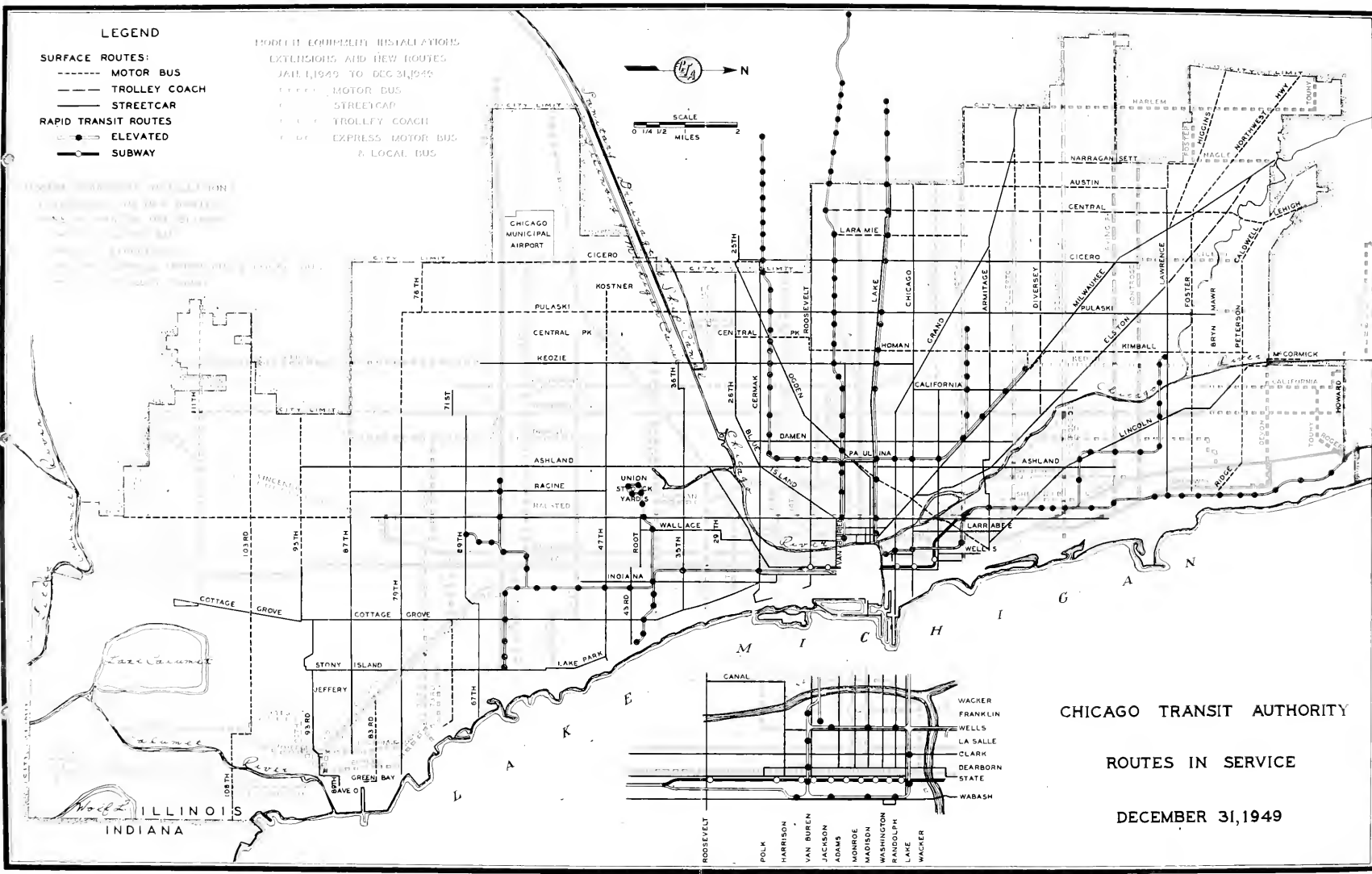
PROPOSED EQUIPMENT INSTALLATIONS

EXTENSIONS AND NEW ROUTES

- MOTOR BUS
- STREETCAR
- TROLLEY COACH
- EXPRESS MOTOR BUS
- LOCAL BUS



SCALE
0 1/4 1/2 MILES

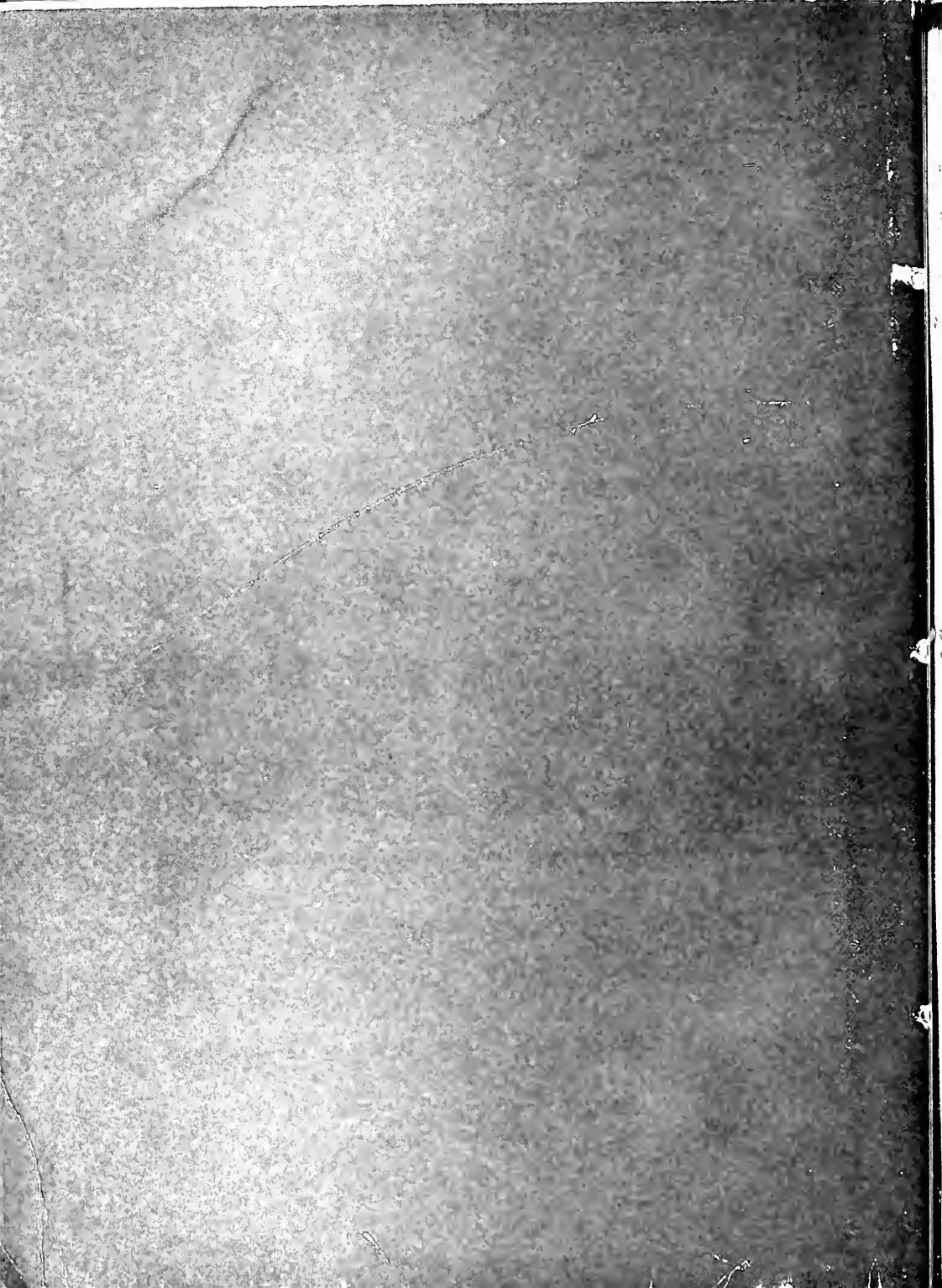


CHICAGO TRANSIT AUTHORITY

ROUTES IN SERVICE

DECEMBER 31, 1949







H ANNUAL REPORT · 1950

Chicago Transit Board

OF THE

CHICAGO TRANSIT AUTHORITY

CHICAGO TRANSIT AUTHORITY

Sixth Annual Report

OF CHICAGO TRANSIT BOARD

for the Fiscal Year ended
December 31, 1950

OFFICERS

Ralph Budd

Chairman

Irvin L. Porter*

Treasurer

Guy A. Richardson

Vice-Chairman

William W. McKenna

Secretary

MEMBERS OF BOARD

Ralph Budd • Philip W. Collins • William W. McKenna
John S. Miller • Irvin L. Porter* • James R. Quinn • Guy A. Richardson

Walter J. McCarter

General Manager

Werner W. Schroeder

General Attorney

*Deceased, December 24, 1950

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Foreword

Getting its 10-year, \$150,000,000 modernization program rolling again, after it had virtually come to a halt in 1949, was the outstanding accomplishment of Chicago Transit Authority in 1950, the Authority's third full year as owner and operator of Chicago's major local transit facilities.

Approximately \$23,000,000 worth of additional modern vehicles—200 rapid transit cars, 551 propane buses and 349 trolley buses—was financed during the year. This was accomplished by the ability of the Authority to negotiate loans totaling approximately \$17,500,000. These loans were supplemented with \$5,500,000 available from the Authority's depreciation and other reserves.

The loans are secured by \$15,000,000 in equipment trust certificates issued and approximately \$2,500,000 in equipment trust certificates to be issued as portions of the original issues mature serially. These certificates are to be issued to John Nuveen & Co., Chicago investment bankers, which in turn is selling the certificates to private investors.

The Authority's equipment orders placed in 1950 made transit history in these two important respects:

1. The rapid transit cars were the first fleet purchased for Chicago in a quarter of a century.
2. The propane bus order was the first ever placed for a large fleet of buses of this type, and was one of the largest bus orders in the history of the transit industry.

At the end of 1950 a total of 2,814 cars and buses had been ordered under the Authority's modernization program and 1845 of these modern units had been received and assigned to service. Three out of five Surface System rides were starting on new equipment. Approximately 355 miles of streetcar track in revenue service had been converted to bus service since the start of the CTA's modernization program.

The actual expenditures for modernization were:

Expended for Modernization from inception of the	
Authority to December 31, 1949	\$42,493,000
Modernization expenditures during the year ending	
December 31, 1950	5,571,000
Total	\$48,064,000

At the end of 1951 the modernization program, dating from 1945, will be almost on schedule. Nearly \$70,000,000 will have been spent or obligated for this purpose. The purchase of new cars and buses will bring the Authority's expenditures and commitments for modern equipment to approximately \$56,000,000.

The average age of the passenger equipment in April, 1945, when the Authority was established, was 32.3 years. By the end of 1951 this will be reduced to 17.4 years, even though more than five years will have been added to the older cars. The age of the surface equipment will have been reduced from 29.4 years to 10.1 years. The smaller addition of new units on the rapid transit system will reduce the average age of these from 39.4 to 36.6 years.

New equipment in daily service now exceeds the total amount purchased by the previous two companies in the 30 years prior to CTA ownership and operation. It will be the objective of the Authority to maintain its credit so that this progress in modernization can be continued.

Financial

The accompanying balance sheets of Chicago Transit Authority as of December 31, 1950 and 1949, and the related statements of income, of funds and of applications of revenues, all of which have been certified by Arthur Andersen & Co., independent public accountants, set forth the financial position of the Authority at those dates, the results of its operations for the years 1950 and 1949, and fund transactions for the fiscal year ended December 31, 1950.

Total revenues for the year 1950 and their application in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds are compared in the following summary with results for 1949:

	1950	1949
Revenues	\$115,812,984	\$116,239,238
Operation and Maintenance Expenses	102,055,510	105,495,146
	<u>13,757,474</u>	<u>10,744,092</u>
Debt Service Requirements:		
Interest Charges	3,816,250	3,816,250
Deposit to Series of 1947 Revenue Bond Reserve	1,284,000	1,284,000
	<u>5,100,250</u>	<u>5,100,250</u>
Balance before Depreciation	8,657,224	5,643,842
Depreciation (including in 1950 an accumulated deficit from 1949 of \$856,158)	7,356,158	6,500,000
	<u>1,301,066</u>	<u>856,158*</u>
Operating Expense Reserve Fund	438,736	—
	<u>862,330</u>	<u>—</u>
Provision for Municipal Compensation	862,330	—

*Denotes Red Figure

Earnings in 1950 were sufficient to cover operating expenses, bond service requirements and depreciation (including making up a deficiency of \$856,158 which existed at the end of 1949). In addition full deposits were made to the operating expense reserve fund for the months May through October, except for July when only \$63,735 was available for this purpose. Deposits of \$862,330 were also made in the municipal compensation fund. The amount available to be paid in 1951 to the City of Chicago as municipal compensation for 1950 operations was \$862,330 or approximately \$156,000 less than the total amount which would have been payable had earnings been available. This was the second year since it took over

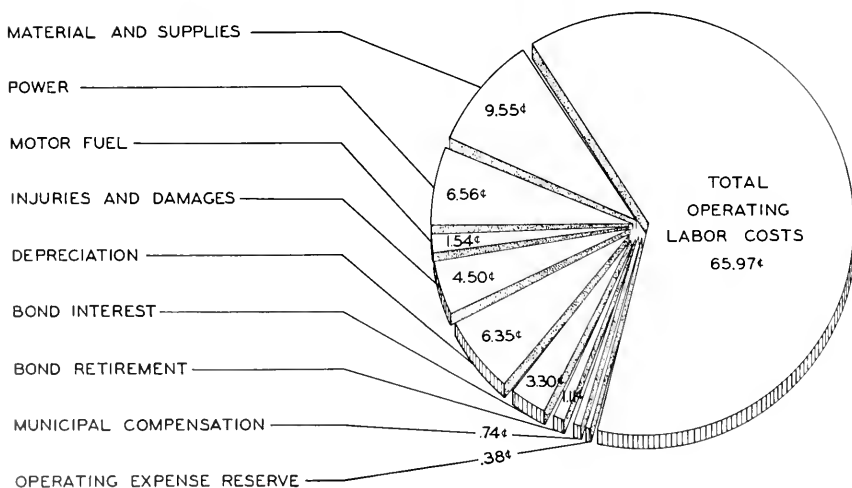
CHICAGO TRANSIT AUTHORITY

operation in October, 1947, that the Authority earned sufficient to pay municipal compensation; the first was in 1948 when the full amount, \$1,035,447, was earned.

A summary of revenue passenger rides originating on the lines of the Authority in 1950 and 1949 and the revenues received from all sources during these two years are shown below:

	1950	1949
Revenue passenger rides originating on CTA lines . . .	752,200,968	847,111,142
Revenues:		
Passenger	\$113,373,063	\$113,962,649
Chartered Service	14,531	16,777
Post Office Employees	438,000	392,002
City Nurses	—	11,775
	<u>\$113,825,594</u>	<u>\$114,383,203</u>
Station and Car Privileges	1,010,204	940,911
Rent of Tracks and Facilities	489,635	520,795
Rent of Buildings and other Property	332,112	289,162
Miscellaneous	155,439	105,167
Total Revenues	<u>\$115,812,984</u>	<u>\$116,239,238</u>

DISTRIBUTION OF C.T.A.'S 1950 REVENUE DOLLAR



FINANCIAL

Passenger traffic during the year 1950 continued a declining trend which first appeared in the latter part of 1948 and which had extended through 1949. The rate of decline experienced in 1950 by the Authority conformed substantially to the declining trend in local transit riding throughout the United States. This decline in traffic and resultant reduction in revenues, coupled with increased wage costs arising from new labor contracts effective June 1, 1950, were offset by operating economies and by adjustments of service to meet the reduced riding so that sufficient revenues were made available to meet in full all contractual and legal requirements of the Authority with the exception of operating expense reserve and municipal compensation. Since neither of the latter requirements is cumulative, the Authority commences operations in 1951 with no deficiencies carried over from 1950.

The principal elements of operation and maintenance expenses, exclusive of depreciation, for the year 1950 are shown below:

	Amount
Wages and Salaries	\$72,371,499
Pension Contributions	3,167,965
Employees' insurance	854,504
Total Labor Costs	76,393,968
Electric Power Purchased	7,601,021
Motor Fuel Consumed	1,789,335
Operating Materials and Supplies	5,277,701
Miscellaneous Services and Supplies, etc.	5,781,901
Provision for Injuries and Damages	5,211,584
Total Operation and Maintenance Expenses	\$102,055,510



Shops are modernized at Logan Square to service new subway-elevated cars

CHICAGO TRANSIT AUTHORITY

The labor contracts negotiated effective June 1, 1950 provided primarily for a 5c an hour wage increase and for payment of five holidays not worked.

Balance Sheet Comments

A comparison of the financial position of the Authority at December 31, 1950 and 1949 is shown in the attached balance sheets, which have been certified by the Authority's independent public accountants.

Status of Funds

Included in the statements attached to this report are statements showing the transactions during the year 1950 in each of the funds of the Authority and the balance in each fund at December 31, 1950.

Funds under the control of the Equipment Trustees for the purchase of equipment were provided by the issuance of Equipment Trust Certificates, as set forth in detail in another section of this report, and these funds are available for payment from time to time upon delivery of the equipment ordered in continuation of the Authority's modernization program. Pending expenditure of these funds as equipment deliveries are made, they are being invested in short-term U. S. Government securities. Equipment Trust Agreements entered into with the Trustees of the Equipment Trust Certificate issues provide for regular monthly payments of principal and interest on the Equipment Certificates; these payments are to be made from the Authority's Depreciation Reserve Fund and these items do not, therefore, represent charges against the regular operations of the Authority.

The fund held at December 31, 1949 for benefit of Employees covered by the Retirement Plan for Chicago Transit Authority Employees was transferred during the year 1950 to the Trustee appointed in accordance with the Retirement Plan Agreement.

Settlement With Former Owners

Final settlement with the Trustee of Chicago Rapid Transit Company was made during the year 1950 from funds previously provided for this purpose. Final settlement had been made with the Trustee of Chicago Surface Lines in 1949 and all adjustments with the former owners have now been made in connection with the acquisition of operating properties by the Authority on October 1, 1947 when it began operations.

New Financing

In order to permit resumption of its modernization program, which had slowed down in 1949 for lack of funds, Chicago Transit Board arranged for the issuance during 1950 of two series of Equipment Certificates totalling \$15,000,000. From the proceeds thereof, together with \$5,500,000 of its own modernization funds, Chicago Transit Board contracted for the purchase of 975 units of new equipment.

The first series, designated "Series A", was issued as of July 1, 1950 in the amount of \$11,000,000, bears interest at 4 per cent per annum and matures serially beginning July 1, 1951 and semi-annually thereafter to July 1, 1956.

The second series, designated "Series B", was issued on October 1, 1950 in the principal amount of \$4,000,000 and was divided into two classes. "Series B—Class 1" certificates were

issued in the principal amount of \$2,667,000, bear interest at rates varying from $3\frac{1}{2}$ to 5 per cent per annum (averaging not more than 4 per cent in total) and mature serially beginning October 1, 1951 and thereafter semi-annually to October 1, 1956. "Series B—Class 2" certificates amount to \$1,337,000, bear interest at 5 per cent per annum and mature serially beginning April 1, 1951 and thereafter semi-annually to April 1, 1955.

Monthly payments of principal and interest called for by the Equipment Trust Agreements covering the issuance of the certificates are to be made, as previously mentioned, from the Depreciation Reserve Fund of the Authority and do not constitute charges against the regular operations of the Authority. In the attached balance sheets the monthly payments on principal have been deducted from the principal amount of the certificates.

In order to take advantage of favorable prices of new equipment quoted for purchase with the above-described Equipment Trust Certificate funds, Chicago Transit Board contracted for the issuance in 1951 of additional Equipment Trust Certificates, not to exceed \$1,391,000 in principal amount, to provide funds for the purchase of 74 units of new equipment ordered but not expected, even under the most favorable conditions, to be delivered until late in 1951 and possibly not until 1952. The issuance of these additional certificates will be made possible by the retirement of like amounts of Series A and B serial maturities.

Operating and Construction Budget

An additional appropriation of \$2,680,000 was made in 1950 from revenues to cover items which overran budget estimates.

On November 27, 1950, after complying with the requirements of the Metropolitan Transit Authority Act and of the Trust Agreement securing the Series of 1947 Revenue Bonds, Chicago Transit Board adopted operating and capital budgets for the year 1951. In the operating budget \$94,248,600 was appropriated for operating and maintenance expenses, \$3,325,-



The first of an order for 500 propane buses were received in December, 1950

CHICAGO TRANSIT AUTHORITY

800 for the Authority's contribution to the Retirement Plan and \$1,035,000 to the Federal Old Age Benefit Fund, \$3,816,500 for bond interest charges, \$1,284,000 for Revenue Bond reserve fund, and \$7,500,000 for depreciation.

The estimated amount of the Authority's 1951 contribution to the Retirement Plan, \$3,325,800, represents an increase of \$723,800 over actual 1950 costs; this increase is attributable to the increase in the rate of contribution from 4% to 5% on June 1, 1951, in accordance with the provisions of the Retirement Plan for Chicago Transit Authority Employees.

The 1950 Amendments to the Social Security Act made the benefits of the Federal Old Age program available to the employees of the Authority. Contributions by the Authority under this program are estimated to exceed by \$469,000 the contributions in lieu of Social Security made in 1950 to the Retirement Plan.

Amounts budgeted for bond interest and for Revenue Bond reserve are identical with the expenditures therefor in 1950.

The depreciation provision is based on the estimated remaining service life of all property of the Authority and complies in all respects with the requirements of the Trust Agreement securing the Authority's Series of 1947 Revenue Bonds.

The construction budget adopted amounted to \$8,008,000 and was based on funds remaining available for such purposes at December 31, 1950 and the amount of funds estimated to be produced for modernization purposes based upon estimates of revenues for the year 1951 and the 1951 operating budget and after providing for \$853,000 to be retained unexpended and uncommitted in the Depreciation Reserve Fund as a guarantee for the Equipment Trust Certificates. Modernization projects uncompleted at December 31, 1950 were estimated to require \$1,352,000 for completion. Principal and interest payments on the Equipment Trust Certificates issued during 1950 will require \$3,202,000. Other modernization projects authorized were estimated to cost approximately \$3,454,000. The Agreements securing the Equipment Trust Certificates provide that monthly service requirements on the Certificates must be met from modernization funds before any other modernization expenditures may be made.

The Board's Budget Ordinance also listed additional desirable modernization projects estimated to cost \$5,386,000, which are to be undertaken if funds are available.

Delays in the delivery of the new equipment financed by the issuance of Equipment Trust Certificates in 1950 will necessarily postpone the realization of economies expected from the use of such equipment and may result in operation and maintenance costs substantially in excess of the budgeted amounts, thus making a lesser amount of funds available to meet the Capital Budget than was originally anticipated. Failure to earn in 1951 the estimated revenues upon which the 1951 budgets are based will have a similar effect on modernization funds.

Operation During 1950

Although a number of operating improvements were effected, the year was essentially one of preparation for the housing, maintenance and operation of the many items of new equipment scheduled to be received late in 1950 and in 1951. This equipment is described in some detail herein.

Among the most serious problems, particularly in streetcar and bus operation, were those arising from traffic congestion. This affected not only speed and regularity of service, but safety as well. Considerable aid was received in the central area through putting into effect, by action of the City Council, a number of recommendations of the Mayor's Traffic Survey Committee for the Central Business District, which reported early in the year.

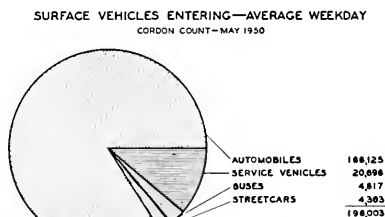
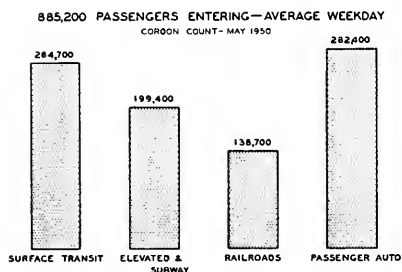
It has resulted in complete ban on parking on a number of loop streets during the hours of 4:30 P.M. to 6:00 P.M. on weekdays. Jefferson Street and Canal Street, immediately west of the loop area, were restricted to one-way traffic with good results. The City has adopted a new and more complete traffic code which should be helpful in controlling traffic safety.

Rerouting or turnbacks of streetcars and buses, made necessary by flooded underpasses following rain storms, have continued to inconvenience many riders. In 1950, there were 352 such interruptions of service, many of which were several hours in duration. One such 16-hour interruption inconvenienced 25,000 passengers. Steps are being taken to improve this situation through adequate sewer and pumping facilities.

Surface Lines

The Devon Avenue bus line was extended on the east end from Granville Avenue to Ardmore Avenue. The west 31st Street bus line was extended from Kedzie Avenue to California Avenue. The Foster Extension bus line was extended from Nagle Avenue to Milwaukee Avenue. Minor changes were made in other bus routes, principally to reach new off-street terminals. The downtown operation of Roosevelt Road streetcar line was discontinued, in connection with reroutings incident to one-way traffic operation on Jefferson and Canal Streets.

MOST PASSENGERS ENTER CENTRAL BUSINESS DISTRICT BY MASS TRANSPORTATION BUT MOST CONGESTION IS CAUSED BY AUTOMOBILES



CHICAGO TRANSIT AUTHORITY

As of the close of the year there were 669.29 revenue miles of streetcar track in operation and 782.46 single way miles of bus operation. The latter included 130.17 miles of trolley bus lines and 652.29 miles of motor bus lines.

Six new off-street terminals were developed for bus lines as follows: at California Avenue and 31st Street for the 31st Street bus line; at Cicero Avenue near Pensacola Avenue for buses operating on Cicero Avenue; at Central Avenue near Milwaukee Avenue, principally for Central Avenue buses; at North Avenue near Winchester Avenue for North Avenue buses; at Kedzie Avenue near Peterson Avenue for Kedzie Avenue buses; and at 111th Street and Harding Avenue for the 111th-Vincennes buses. New platform shelters were constructed at 63rd Place and Narragansett Avenue and at Halsted and 79th Streets.

Landscaping has been completed at a number of the terminals that had been previously established. Real estate has been acquired for additional off-street terminals for development in 1951.

Rapid Transit

In the month of December the Logan Square rapid transit line was completely equipped with new cars. Starting in August, new cars were placed in operation on this route as they were delivered, to give the public the benefit of modern vehicles to the extent it was possible to do so. This route was scheduled for operation in the Milwaukee Avenue subway early in 1951.*

Several of the new cars were also placed in operation on the Ravenswood line. This route,



Shop facilities in North Park service building permit working on production line basis
Opened February 25, 1951.

RAPID TRANSIT

with its heavy interchange with the North-South subway, is scheduled to be completely equipped with new vehicles in 1951 as rapidly as the modern equipment is delivered.

Further economies were effected through curtailment of off-peak and Saturday, Sunday and Holiday service on lightly used branches. This applied particularly to Westchester south of Roosevelt Road and to the Humboldt Park branch.

Preparation was made for the new cars and for the Milwaukee Avenue subway service by the construction of shop facilities at Logan Square to service the new equipment and by an extended platform at Damen Avenue and North Avenue to facilitate transfers from surface feeders.

The rapid transit shops at Skokie are being enlarged and a new inspection building was constructed at the Kimball Avenue terminal of the Ravenswood line in anticipation of providing the needed facilities for the new cars.

Rapid Transit especially demonstrated its value to Chicago during the month of December when bad street conditions prevailed because of heavy snows and extreme cold. In that month Rapid Transit riding was 3.43 per cent higher than for December, 1949, while on the surface system it was 6.40 per cent lower.

Equipment

There were 31 propane fueled motor buses and 100 new rapid transit cars delivered during the latter months of 1950.

The 31 propane buses represent the first vehicles received of an order for 500 buses of this type which was placed in July, 1950, with the Twin Coach Company. An order for 50 ACF-Brill propane buses was also arranged for during December, 1950 for early delivery. A general description of these buses follows:

	Twin Coach	ACF Brill
Motive Power	Propane	Propane
Transmission	Hydraulic	Hydraulic
Length over Bumpers	40'2"	35'2"
Maximum Width	102"	96"
Maximum Height	9'11"	9'10"
Front Entrance Door—Clear Opening	31"	28"
Central Exit Door—Clear Opening	45"	28"
Approximate Weight	17,000 lb.	18,560 lb.
Seating Capacity	51	44

The purchase of an additional experimental propane bus from ACF-Brill was also authorized. Propane buses were chosen because of the low cost, abundant supply and safety of propane. Engineers of the Authority conducted an exhaustive investigation of all phases of the use of propane for internal combustion engines and concluded that buses operated with this fuel would give highly satisfactory operating performance with reasonable maintenance costs.

CHICAGO TRANSIT AUTHORITY

In September contracts were awarded for the purchase of 349 trolley buses from the Marmon-Herrington Company, which are scheduled for delivery during 1951. The general characteristics of these buses are summarized herewith:

Motive Power	Single Motor—140 H.P.
Length over Bumpers	39'11"
Maximum Width	102"
Maximum Height—Over Trolley base	10'3 1/2"
Front Entrance Door—Clear Opening	48"
Center Exit Door—Clear Opening	48"
Approximate Weight	19,700 lb.
Seating Capacity	49

These trolley buses, as well as the Twin Coach motor buses, are somewhat larger than any bus equipment which had been purchased by the Authority previously.

The 100 rapid transit cars which were delivered during the year are part of the 130 cars which were ordered previously from the St. Louis Car Company. 70 additional rapid transit cars were also ordered from the St. Louis Car Company in July, 1950, making a total of 200 new rapid transit cars recently delivered or on order. Completion of delivery of all these cars is scheduled for 1951. A general description of the new rapid transit cars follows:

Motive Power	Four 55 H.P. Motors
Type of Truck	Similar to PCC Car Standard B-2
Maximum Length	48'0"
Width at Belt Rail	9'4"
Width at Top of Floor	8'8"
Maximum Height	11'10"
Number of Doors	Two Double Doors—Each Side of Car
Clear Door Opening	Two 24" openings per Double Door
Approximate Weight	40,000 lb.
Seating Capacity	51

These cars are semi-permanently coupled in two-car units and can be operated in trains that are multiples of two cars in length up to a ten car train. The maximum train length currently operated consists of eight cars. This will probably be the standard maximum for some time. A motorman's cab is located on each of the outer ends of the two-car units. The two double doors on each side of the car are located approximately half way between the center line and the end, thereby permitting ease of circulation within the car and rapid loading and unloading. It is an all-electric car equipped with dynamic motor brakes in addition to an automotive type drum brake mounted on each motor shaft. It has the rapid acceleration and braking characteristics of the PCC streetcar.

The total new equipment, recently delivered and on order, therefore consists of 551 propane buses, 349 trolley buses and 200 rapid transit cars, representing an investment of about \$23,000,000.

PLANT IMPROVEMENT

The conversion of 155 of the old type two man streetcars for one man operation was completed during the year. Installations of multiple unit door controls on the 455 steel rapid transit cars likewise was completed. During the year 1950 there were retired from operation 362 old streetcars, 18 old buses and 113 old rapid transit cars.

Plant Improvement

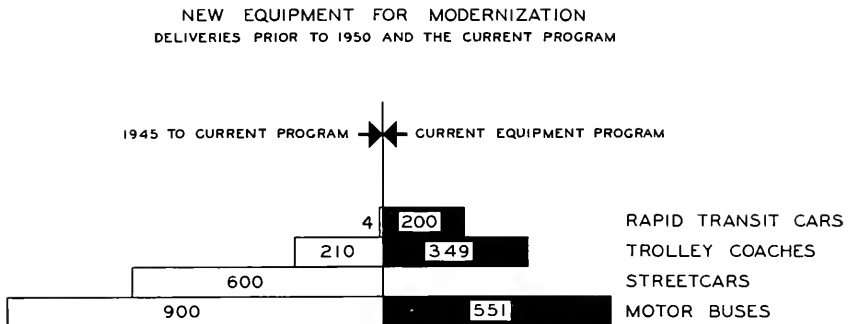
On May 28, 1951, the North Park Bus Terminal, located on a fourteen acre site at Kedzie and Foster Avenues, was officially opened and ten bus lines were transferred to this station from Devon Station, Lawrence Garage and Lawndale Station. (The routes then transferred include—Skokie, Touhy Avenue, N. California Avenue, a portion of Kedzie-Homan, N. Western Avenue, W. Devon Avenue, N. Damen Avenue, Kimball Avenue, Clybourn Avenue and N. Pulaski Road).

The project, costing approximately \$1,650,000, includes two modern one-story buildings of brick construction and a large paved outdoor storage area. The total capacity is 350 buses of which 320 is in open storage.

The administration building, 86 feet by 83 feet, provides office space for transportation department supervisory personnel and quarters for bus operators. The service building, 322 feet by 228 feet, houses the most modern equipment for inspecting, servicing and repairing buses. Location of pits and other facilities in the service building were designed to permit inspection and servicing of buses on a production line basis.

This is the second bus terminal to be built completely new by the Authority. The first was the Beverly bus terminal at 103rd Street and Vincennes Avenue opened December 4, 1949.

Propane storage facilities are being installed at North Park and this will be one of the major bases for propane operation. Approximately 500 transportation and maintenance work-



ers are employed at North Park Terminal and additional routes are being transferred to this location.

The Logan Square inspection shop on the rapid transit system has been remodeled to provide inspection and servicing facilities for all Logan Square Branch PCC type subway-elevated cars. This work included remodeling pits, installing lubrication facilities and improving locker, lunch and store rooms. Overhead cranes and car jacks will also be installed.

Plans were nearly completed for the Elston-Armstrong bus terminal which will provide facilities for 150 gas buses and 250 trolley buses. The entire construction work is estimated to cost \$2,500,000. The time for completion is dependent on funds being available.

In 1951, total or partial conversion of the car houses located at North and Cicero, 24th and Leavitt and at Cermak and Ogden, is scheduled to provide facilities for motor buses or trolley buses. The motor bus garage at Pierce and Lamon will be converted to a servicing and inspection facility for trolley buses.

Accident Prevention

On Thursday May 25, 1950, at 6:34 P.M. a collision of a PCC streetcar and a gasoline trailer truck occurred which resulted in 34 death claims and many claims for injuries, primarily from flaming gasoline. The accident occurred on State Street and 62nd Place as the car was being switched into an emergency loop at this location. This switching movement was necessary to avoid entering into a flooded underpass. This was the worst accident in the history of surface transportation in Chicago.

A restudy of all factors relating to safety is being made. Traffic officers have authority to reroute gasoline conveying trucks in cases of flooded subways so that in the future a streetcar making an emergency turn cannot encounter such a truck. Also a maximum of emergency exits are being provided through windows and doors.

A retraining program has been established which includes additional instruction, with emphasis on safety, especially of operators with greater than normal accident records. They are retrained in actual operation by competent instructors who point out the occasions for accidents. The accident possibilities on each route and on each section of a route, as determined by past experience, are carefully explained with advice as to how such accidents may be avoided. This is improving the reliability and confidence of the operators.

In 1950, Chicago Transit Authority was awarded a certificate of honorable mention from the American Transit Association in recognition of high achievement in traffic and passenger safety during the previous year.

Fares and Fare Collection

There were no changes in the rates of fare during 1950, except those occurring incidentally by an additional loop shuttle bus route being authorized to carry non-transfer riders for 10 cents. This route was established to operate between the Merchandise Mart and the North Western and Union Depots, during morning and evening rush hours on Mondays through Fridays.

FARES AND FARE COLLECTION

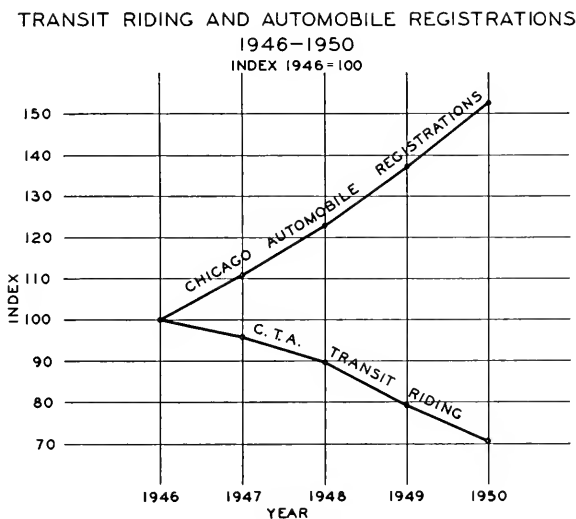
A new fare collecting system was put into effect on rapid transit lines on portions of the system where there are no agents at stations. This system, which enables more accurate records to be kept, provides for hand registering meters for recording the fare when payment is made.

A new fare collecting system was also established for passengers boarding at or riding through the boundary between the middle zone and the north zone on the rapid transit system at Howard Street. Under this arrangement all fares of passengers travelling between Wilmette, Evanston and Chicago are collected on trains. This saves from 1½ to 2 minutes in train time that had been required to permit collection of tickets at Howard Street, which delayed 6,000 through passengers to that extent daily. Passengers originating at Howard Street, which formerly received identification tickets and surrendered them to platform collectors, now pay fares to the agent and board trains as they would at any other rapid transit station.

The Board authorized the sale and use of fare tokens on the surface system, on and after June 19, 1950. These tokens are sold only in the cashier's office in lots of 15 at 15 cents each, that is at the regular cash fare rate.

New type fare collecting and recording devices are continuously being tried out to develop an acceptable standard for use on a wide scale throughout the system.

The basic fares, which were in effect during the entire year, were 15 cents for adults on the surface routes and 17 cents on rapid transit or express bus routes. Two-zone through fares on rapid transit lines were 20 cents and suburban local outer zone fares were 15 cents.



CHICAGO TRANSIT AUTHORITY

Transfers were interchanged between surface and rapid transit lines on payment of the rapid transit rate. Children and school fares were 7 cents, good on surface or rapid transit for travel anywhere in each zone. Transfers for adults were interchanged with the Chicago Motor Coach System.

Real Estate

The Authority sold six parcels of real estate that were no longer needed for transportation purposes, at a total sale price of \$372,000. Nine parcels were purchased at a total purchase price of \$119,200, exclusive of other costs in connection with the transactions. The items purchased were, with one exception, for use as off-street terminal facilities.

The Authority rented space on the seventh floor of the Merchandise Mart which will accommodate its executive and operating departments. The new lease is for a ten-year period beginning November 1, 1951 and will effect a total saving of \$1,440,000 or \$144,000 a year. The consolidation of offices on a single floor will also produce additional savings through increased efficiency, compared with present locations in five buildings.

The CTA-owned office buildings at 600 West Washington Boulevard and 1165 North Clark Street will be offered for sale after they are vacated.

Wage Agreements

Effective June 1, 1950, two year wage agreements were entered into with the various unions. The wages and salaries of all employees covered by the agreements were increased by five (5) cents an hour.



The facilities at North Park transportation building are as modern as its design

WAGE AGREEMENTS

It was agreed that Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas will be paid holidays—or days set aside for such holidays. Those who work on such holidays will receive time and one-half. Those who do not work on such holidays will receive eight (8) hours pay, provided they would have been scheduled to work and would have worked had it not been a holiday. The holiday allowance provided for is considered as days worked (even if no work is performed) for the purpose of computing weekly overtime.

The agreements further provide that bi-weekly paydays will be applicable to all employees.

Agreement was first reached with Division 241 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America and was ratified by ordinance of Chicago Transit Board on May 17, 1950. Subsequently similar agreements with the other unions were approved by the Board.

The adjustment in wages and working conditions is estimated to increase operating expenses by approximately \$3,200,000 per annum, based on the employment level at the time the new contracts were negotiated.

Retirement Plan

The Retirement Plan of the Chicago Transit Authority which was effective June 1, 1949, continued during the year with minor changes.

The rate of payment by the employees toward the Plan remained during the year at 2 per cent of their compensation while the rate paid by the Authority increased on June 1, 1950, from 3 to 4 per cent, in accordance with the terms of the Plan.

Inasmuch as employment in the Chicago Transit Authority is again covered employment under the Social Security Act, effective January 1, 1951, the 1 per cent of earnings paid by the employee and the 1 per cent paid by the Authority in lieu of Social Security payments, and used to provide for the "Social Security" differential payments was discontinued as of January 1, 1951.

As of December 31, 1950 there were 3,319 retired employees. The payment to retired employees for the month of December, 1950, was \$273,614. The total expenditures from the Retirement Plan during 1950 were \$3,652,360.

Insurance

The total fire insurance as of the end of 1950 on ordinary risk properties is \$72,835,000. Slightly lower rates were made effective during the year due to improvements in housekeeping, installation of lights and extinguishers, safer methods of handling materials and some repair and construction work, all as recommended by insurance engineers.

Fire insurance in the amount of \$18,116,350 is carried on superior risk properties. The Authority also carries public liability insurance, plate glass insurance, group insurance for employees, financial risk insurance and boiler and pressure vessel insurance.

Employees group insurance including life insurance; and hospitalization, surgical and medical; and accident and sickness insurance had been in three companies. Effective July 1, 1950, it was placed in one company. This was largely responsible for reducing the approximate annual premium from \$1,145,000 to \$985,000.

Public Information

Throughout 1950 the Public Information Department carried on an extensive program properly to inform the public of all phases of the Authority's operations, its far-reaching modernization program, its service planning and service changes, and its finances.

In fulfilling this obligation to the Authority's patrons and to the public in general, many media of public communications were used. Information relating to service revisions, purchase of new buses, construction of garage buildings and other new facilities, and a wide variety of other operating changes was released at frequent intervals to metropolitan, community and foreign language newspapers, to news service agencies and to radio and television stations during 1950.



At this desk the many questions asked by the public are answered

PUBLIC INFORMATION

Close contact was maintained with these channels of communication and there was supplied, on request, a considerable amount of specific information regarding Transit Authority operations and activities.

Service information was also given to the public through newspaper advertisements, direct-mail pieces, pamphlets, etc. On its own properties, the CTA displayed service announcements on car and station cards, posters, signs, and window stickers, and distributed thousands of copies of its bi-monthly passenger publication, RIDER'S READER, through "take-one" boxes on streetcars, buses and rapid transit units.

These media were also used frequently throughout the year for promotional advertising designed to encourage increased use of CTA facilities. This advertising recommended use of CTA surface and rapid transit routes in combination for a faster ride; stressed time and money saving advantages of CTA service over the private automobile; and featured places of interest in Chicago reached by CTA lines.

A series of informative institutional ads, detailing progress of the Authority's modernization program, appeared in the metropolitan daily newspapers during August, September, and October, 1950, when CTA was making transit history in the purchase of new vehicles. Later these ads were reproduced in booklet form for distribution to interested city, civic and business leaders.

Thousands of information folders, containing maps of CTA routes and suggestions for how best to SEE CHICAGO, were distributed to Chicagoans and visitors to the city through rapid transit stations, travel and information bureaus, department stores, railroad depots, public libraries, etc. Written requests for literature of this kind are received and processed daily by the Public Information Department.

As the year ended a new information pamphlet, incorporating a map of the entire CTA system and showing connecting motor bus lines in Chicago and nearby suburban communities, was being prepared. The pamphlet will contain a brief description of all CTA routes, a condensed directory of Chicago Streets, as well as other data of interest to transit riders. For the first time, numbers of all surface routes will appear both on the map itself and in the detailed listings.

Chicago Transit Authority continued during 1950 to assist in insuring the success of many civic, charitable and patriotic activities.

Traffic safety posters, prepared and distributed by CTA, in cooperation with the Chicago Safety Information Committee, City traffic and safety authorities, and the Chicago Board of Education, were displayed in public and parochial, grammar and high schools during 1950 for the third consecutive year.

Display space on CTA vehicles and rapid transit properties was made available for such

CHICAGO TRANSIT AUTHORITY

other civic activities as the Mayor's committees for reduced traffic accidents, and for a cleaner city; to publicize the recreational facilities under the jurisdiction of the Chicago Park Board and the Cook County Forest Preserve District; to promote the sale of Federal Government bonds and the recruiting activities of the armed services; and to call attention to money-raising campaigns conducted by the Community Fund, Red Cross, Heart Association, Cancer Society, and other similar groups.

Through CTA Transit News—the Authority's monthly magazine—employees and members of their families were kept informed of Authority activities and policies. Special emphasis was placed on the proper performance of all transit operations and functions that have a direct bearing on public and rider good will.

Written and verbal communications from the public regarding service and the facilities of the Authority were answered promptly and fully through the Service Section of the Public Information Department.

Concession Contracts

The Public Information Department has general supervision of the Authority's revenue contracts, including those covering advertising display and various concessions. The following tabulation shows a list of these services and a comparative statement of CTA net income therefrom for the years 1950 and 1949:

Item	Year	
	1950	1949
Advertising Display	\$825,144	\$748,878
Newsstands	75,494	71,733
Soft Drink Vending Machines	30,884	7,345
Candy, Gum and Nuts Vending Machines	53,315	47,879
Parcel Lockers	5,053	5,825

The Chicago Transit Board authorized, in December, 1950, the execution of a 5-year contract with National Transitads, Inc., for the rights to sales and operation of card and poster advertising space in and on the Authority's cars, buses, station platforms, and subway walls. This contract, which is to be effective July 1, 1951, contains a provision reserving the right of the Authority to terminate in the event compensation to the Authority for the first contract year should be less than \$900,000. This minimum requirement increases by \$100,000 for each of the second, third, and fourth contract years, to \$1,200,000 for the year ending June 30, 1955.

During the summer of 1950, upon permission by the City Council, facilities were installed and sales started of Traveling Displays on the exteriors of surface cars and buses, which will substantially increase advertising income to the CTA.

An extensive program of rehabilitating poster frames on the Authority's elevated platforms was completed during the year. Under the plan, poster frames are arranged in a systematic pattern designed for more effective display of advertisers' copy.

At the end of the year plans were well under way for the operation of revenue contract services in the Milwaukee-Dearborn Subway. These installations will be similar to those in the State Street Subway and include advertising display facilities on the subway tube walls, newsstands, soft drink machines, and small machines for vending confections on the platforms.

There are in process of development other ideas which, it is hoped, will further enhance the Authority's revenues from non-operating sources.

Organization and Management

Chicago Transit Board

Mr. Irvin L. Porter died December 24, 1950. Mr. Porter was a member of Chicago Transit Board and its Treasurer from the inception of Chicago Transit Authority. His ability in business and finance and his conscientious devotion to duty was of great assistance in the management and modernization of the local transportation facilities of Chicago. His term of office would have expired September 1, 1951.

Mr. Guy A. Richardson, was elected Vice-Chairman of the Chicago Transit Board on January 5, 1950, to fill the vacancy caused by the expiration of the term of Frank McNair on December 19, 1949. Mr. Richardson was elected for a period of one year and until his successor has been elected by the Board.



Signal interlocking tower sorts trains at Congress Street in new subway

The term of Mr. James R. Quinn, as a member of the Board expired on September 1, 1950. He continued to serve, as provided by law, until his reappointment by Honorable Martin H. Kennelly, Mayor of Chicago and the approval thereof by Honorable Adlai E. Stevenson, Governor of Illinois was made effective, by Mr. Quinn filing his oath of office on October 2, 1950, with the Secretary of State. Mr. Quinn's reappointment is for the period ending September 1, 1957.

During the year the Board held 36 meetings for the transaction of business. Besides the usual current matters relating to management and operation, the Board and its committees gave particular time and study to the following matters in which there was considerable activity during the year,—service and extensions, financing and purchasing of new equipment, sales and purchases of real estate, purchase of materials and supplies, acquisition of better and more efficient office space, placing of major insurance contracts, settlement of wage matters and working conditions, agreements in connection with the Milwaukee Avenue Subway and the West Route Superhighway and advertising and concessions.

Operating Organization and Personnel

Among the management personnel retiring during the year were Mr. T. J. Blakely, Superintendent of the Utility Division; Mr. A. H. Daus, Superintendent of Shops for the rapid transit system; Mr. H. G. Hardin, Superintendent of Transportation for the rapid transit system; Mr. F. L. Hupp, Assistant Secretary; Mr. R. N. Wade, Superintendent of Way and Structures of the rapid transit system and Mr. C. A. Whonsetler, Comptroller.

These men had all spent many years with the predecessor companies and had continued with their duties when the operating companies were acquired by the Authority. Mr. Blakely represented an exceptional case of long service, having been employed by the local transit companies in Chicago for a period of over fifty-nine years.

Following these retirements a number of new appointments and consolidations of duties were affected. The Way and Structures Division of both surface and rapid transit systems were combined and placed under the direction of Mr. H. L. Howell. Equipment Maintenance of both systems was consolidated and placed under the direction of Mr. R. J. Ruppe, General Superintendent of Shops and Equipment.

Consolidation of supervision over the largest group of employes became effective when Mr. R. J. McKinney, was appointed General Superintendent of Transportation of combined surface and rapid transit systems. Mr. T. B. O'Connor and Mr. Arthur Heidecke were each appointed to positions as Assistant General Superintendent of Transportation. This completed the consolidation of the operating and management organization of the Authority.

Mr. W. W. Helfrich was appointed Assistant Secretary and Mr. P. J. Meinardi was appointed Comptroller. Mr. E. E. Olmstead was appointed Traffic Engineer, following the resignation of Mr. W. R. Marston, who had accepted a position in the office of the City Traffic Engineer. Following the death of Mr. E. W. Horning, Superintendent of the West Shops, the vacancy was filled by Mr. R. H. Martz.

THE MILWAUKEE AVENUE SUBWAY

The Training Division was reestablished for intensive training of new employees and also for retraining. Mr. G. J. Wagner was appointed Supervisor of Training, reporting to Mr. C. E. Keiser, Executive Assistant.

During the year 2,614 persons left the service of the Authority; 895 being retired on pensions or disability; 1,339 new employees entered service. At the close of the year there were 19,597 in all employed by the Authority or 1,275 less than a year ago.

The effect of the military training program is reflected in the fact that 180 employees of the Authority entered military service during the year, and manpower shortages are again becoming a matter of concern in some departments of the Authority.

The Milwaukee Avenue Subway

The Milwaukee Avenue Subway, sometimes known as the Milwaukee-Dearborn-Congress Subway or as Route No. 2—Dearborn Street Subway—of the Initial System of Subways, was nearly completed at the close of the year. This subway, which was built by the City of Chicago, through its Department of Subways and Superhighways, will be operated by Chicago Transit Authority as part of its local transportation system. This is in accordance with the ordinance grant from the City of Chicago, dated April 23, 1945. Operation of the subway was scheduled to commence some time during the month of February, 1951.*

*Operation by Chicago Transit Authority began at 12:01 A.M. February 25, 1951.



New rapid transit trains incorporate many features of the PCC streetcar

CHICAGO TRANSIT AUTHORITY

The subway is located on the line of Congress Street between the west bank of the River and Dearborn Street, on Dearborn Street between Congress Street and Lake Street, on Lake Street between Dearborn Street and Milwaukee Avenue, on Milwaukee Avenue between Lake Street and Division Street and through private property parallel to and just west of Milwaukee Avenue between Division Street and Evergreen Street. At Evergreen Street, the subway tracks are connected with the Logan Square Elevated Line by means of an incline connection.

The total route length of the subway described above is 3.99 miles. Included in this length are two low-level river crossings where the subway crosses the south branch of the Chicago River and two crossover sections for the reversal of trains.

The Milwaukee-Dearborn-Congress Subway will be extended to the west at some future date, in the right-of-way of the Congress Street Expressway to connect with West Side Elevated Lines.

Mezzanine stations are located at the following streets:

LaSalle at Congress One Train Stop

On Dearborn Street midway between the following streets:

Van Buren-Jackson Jackson-Adams Adams-Monroe Monroe-Madison Madison-Washington Washington-Randolph	{	. . . . . Three Train Stops
Clark at Lake } Wells at Lake {	{	. . . . . One Train Stop
Milwaukee at Grand		One Train Stop
Milwaukee at Chicago		One Train Stop
Milwaukee at Division		One Train Stop

All stations except those on Dearborn Street connect with station platforms approximately 500 feet long. The six stations on Dearborn Street connect with a continuous platform approximately 2,500 feet long. East of the Chicago River, the platforms are 23 feet in width while those on Milwaukee Avenue west of the River are 19 feet in width. All platforms are of the island type located between the two tracks.

Entrance to the mezzanine stations is by stairs between the sidewalk and mezzanine level. Escalators are provided between the mezzanine and platform level at all stations except at the Milwaukee-Division station.

In the Central Business District between LaSalle and Lake Streets and Clark and Congress Streets, the shield method of construction was employed resulting in circular tube sections. All other portions of the subway were built of a horseshoe section by the bench method of tunnel

THE MILWAUKEE AVENUE SUBWAY

mining. Two single tubes, one for each track were built throughout the tunnel sections. The crossover sections and the portal section were built in open cut.

In the track construction 100-pound rail with welded joints was used except at connections with special work and at joints required in the rails for signal purposes. The rail rests on steel tie plates which are set on rubber pads that are supported by short red oak ties set in concrete ballast. The rail is fastened to the steel tie plates with spring rail clips.

A modern signal system is provided throughout the length of the subway with track trips to prevent trains running into stop sections.

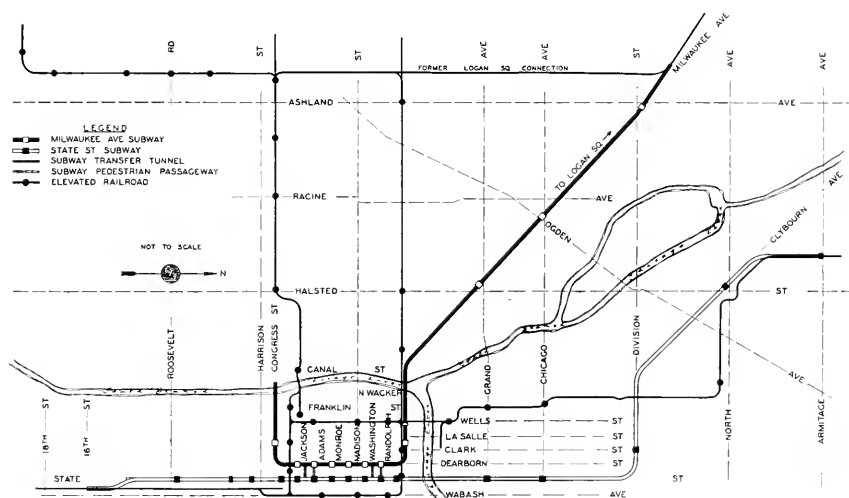
The total estimated cost of constructing the subway, complete for operation, is \$39,634,000, of which \$34,839,000 is for basic construction and \$4,795,000 is for fixed transportation equipment.

The cost was financed as follows:

Grant from Federal Government	\$13,691,790
City Traction Fund	23,980,000
City Transit Fund	1,562,300
City Subway Revenue Bonds	400,000

TOTAL \$39,634,000

MILWAUKEE AVENUE SUBWAY DIRECT ROUTE TO CITY'S NORTHWEST SECTION



CHICAGO TRANSIT AUTHORITY

These costs are preliminary and are subject to final audit. The \$4,795,000 (an estimated figure subject to final adjustment) for fixed transportation equipment represents the amount that the Authority would reimburse the City over a period of approximately 31.66 years. This transportation equipment includes track, signals and interlocking equipment, traction power distribution system and related operating items.

Initially the subway will be used by Logan Square trains. All new modern cars have been provided by the Authority for this operation. The journey from Logan Square to various points in the loop area will be made at a saving of 6 to 14 minutes (dependent on location) as compared with the old indirect elevated route with old cars.

Compared with travel on the surface routes, the subway will make possible time savings during the rush hours of as much as 25 minutes in the journey from Madison and Dearborn to Logan Square.

This offers a completely new and modern rapid transit facility for Chicago.



Wide platforms, 19 ft. to 23 ft. are provided in Milwaukee Avenue subway

Planning for 1951

The year 1951 will bring about many improvements in service, principally by operation of additional new passenger equipment. Financing was arranged for during the past year but actual production and delivery on most of the new buses and rapid transit cars must be accomplished in 1951. There is no question concerning the production capacity for the manufacturers to make prompt deliveries, but the demands of the national defense program may affect the quantity and type of materials that are available. We believe that this new equipment is vital to supply adequate and efficient transportation serving plants and other defense activities in this area. It is the belief of the Authority that supplanting the wasteful old-type transportation with modern methods is a distinct contribution to the defense program and will aid, among other things, in offsetting the growing manpower shortages.

The national defense measures will affect the Authority in many ways besides, as noted above, in timing of equipment deliveries. It will affect the securing of many types of materials and supplies and will reduce available manpower due to the demands of military service. The staff of the Authority is working actively in the Chicago Civil Defense Program in connection with public transportation in an emergency. In this, and in its day to day service, the Authority is determined to adequately meet its obligations.

The Authority appreciates the efforts of the City of Chicago, its administrative officials and the Department of Subways and Superhighways, in completing the Milwaukee Avenue Subway. This is an exceptional contribution to mass transportation in Chicago which was made possible by past contributions of the car riders themselves, in the payment of fares, as well as by aid from the Federal Government.

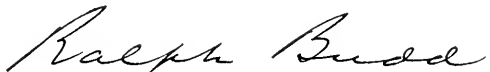
Among the problems to be met is that of providing adequate housing and servicing facilities for buses. Successful adaptation of existing car houses to bus service will play a large part in the program, supplemented by the development of additional sites.

With actual construction going forward, the work on the West Route Superhighway, constructed by the County, City and State, will require major temporary rerouting of some of our services, particularly on the rapid transit lines. While temporary construction is the responsibility of the governmental agencies constructing the superhighway, the special operating problems must be worked out by the Authority.

The Board acknowledges the teamwork of its employees which has made it possible to bring about continuing improvement in service even under trying conditions, brought about by bad weather, traffic interruptions, rerouting due to street construction work and other outside influences. The understanding attitude of the riding public is also appreciated, especially in those areas in which major construction work brings about prolonged, although temporary, rerouting such as occur through the construction of the West Route Superhighway. These temporary inconveniences will be more than compensated by permanent improvements.

By Order of the Board

Room A-645
175 W. Jackson Boulevard
Chicago 90, Illinois
May 3, 1951


Chairman.



Four subway entrances like this are located in each block on Dearborn Street

AUDITORS' CERTIFICATE

ARTHUR ANDERSEN & Co.

120 SOUTH LA SALLE STREET
CHICAGO 3

To the Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1950, and the related statements of funds, of income and of application of revenues for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made a similar examination for the year ended December 31, 1949.

In our opinion, the accompanying balance sheet and related statements of funds and of income present fairly the financial position of Chicago Transit Authority as of December 31, 1950, and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

It is our further opinion that the accompanying statement of application of revenues presents fairly the distribution made of revenues of Chicago Transit Authority for the year ended December 31, 1950, and was prepared in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds.

ARTHUR ANDERSEN & Co.

Chicago, Illinois,
March 16, 1951.

CHICAGO TRANSIT AUTHORITY

Assets	December 31	
	1950	1949
Transportation Property, at cost	\$111,687,711	\$105,648,790
Reserve for Depreciation	15,586,265	9,673,501
	<u>\$ 96,101,446</u>	<u>\$ 95,975,289</u>
Special Funds:		
Cash and U.S. Government Securities		
(see accompanying statement of funds)—		
Under control of Revenue Bond Trustee		
Transit revenue	\$ —	\$ —
Series of 1947 Revenue Bond reserve	4,173,000	2,889,000
Depreciation reserve (\$887,800 minimum balance required		
by Equipment Trust Agreements at December 31, 1950)	1,016,864	1,666,358
Operating expense reserve	588,736	150,000
Special modernization	172,178	1,232,192
Modernization	127,684	41,959
	<u>\$ 6,078,462</u>	<u>\$ 5,979,509</u>
Under control of Equipment Trustees (for purchase of		
equipment)	15,951,163	
Damage reserve	2,065,023	2,657,033
Funds held for Employees' Retirement Plan		
(exclusive of assets held by Pension Trustee)	2,009	3,785,111
	<u>\$ 24,096,657</u>	<u>\$ 12,421,653</u>
Current Assets:		
Cash and U.S. Government securities		
(see accompanying statement of funds)—		
Working cash (including \$5,000,000 provided from		
Revenue Bond proceeds)	\$ 10,688,090	\$ 10,051,597
Deposit for payment of Revenue Bond interest	1,908,020	1,908,020
Deposits for payment of interest on Equipment		
Trust Certificates	275,770	—
Municipal compensation fund	862,330	—
Other	—	205,274
	<u>\$ 13,734,210</u>	<u>\$ 12,164,891</u>
Accounts receivable	745,042	634,635
Materials and supplies, at average cost	7,315,041	8,029,942
Prepayments and other current assets	985,890	540,141
	<u>\$ 22,780,183</u>	<u>\$ 21,369,609</u>
Deferred Charges	\$ 153,971	\$ 187,363
	<u>\$143,132,257</u>	<u>\$129,953,914</u>

Note: Commitments for the purchase of revenue equipment to be paid from funds on deposit with Equipment Trustees aggregated approximately \$15,900,000 at December 31, 1950. Other modernization commitments approximated \$3,000,000, of which \$2,100,000 represented amounts for the purchase of revenue equipment which is to be financed with Equipment Trust Certificates in 1951 and 1952.

COMPARATIVE BALANCE SHEETS

	December 31	
	1950	1949
Liabilities		
Long-Term Debt (see accompanying statement):		
Revenue Bonds, Series of 1947	\$105,000,000	\$105,000,000
Equipment Trust Certificates—		
Series A, 4%, after deducting \$905,000 of cash on deposit for payment	10,095,000	—
Series B, Class 1, 3½% to 5%, after deducting \$111,345 cash on deposit for payment	2,555,655	—
Series B, Class 2, 5% ,after deducting \$68,500 cash on deposit for payment	1,264,500	—
	<u>\$118,915,155</u>	<u>\$105,000,000</u>
Accumulated Net Revenues:		
As segregated in accordance with Revenue Bond Trust Agreement—		
Appropriated for debt service requirements	\$ 4,173,000	\$ 2,889,000
Appropriated for operating expense reserve	588,736	150,000
Appropriated for modernization	116,320	116,320
Unappropriated net revenues	—	(856,158)
	<u>\$ 4,878,056</u>	<u>\$ 2,299,162</u>
Accumulated interest on Equipment Trust Certificates paid from amounts deposited for depreciation under provisions of Revenue Bond Trust Agreement	(226,082)	—
	<u>\$ 4,651,974</u>	<u>\$ 2,299,162</u>
Current Liabilities:		
Accounts payable	\$ 4,064,903	\$ 4,378,969
Accrued wages	3,431,420	2,727,793
Accrued interest on Revenue Bonds	1,908,020	1,908,020
Accrued interest on Equipment Trust Certificates	275,770	—
Accrued municipal compensation	862,330	—
Unredeemed tickets and tokens	62,819	34,901
Other	—	154,045
	<u>\$ 10,605,262</u>	<u>\$ 9,203,728</u>
Deferred Liability (for repaving of abandoned right of way)	\$ 1,133,953	\$ 1,250,000
Reserves:		
Damage	\$ 7,823,904	\$ 8,415,913
Employees' Retirement Plan	2,009	3,785,111
	<u>\$ 7,825,913</u>	<u>\$ 12,201,024</u>
	<u><u>\$143,132,257</u></u>	<u><u>\$129,953,914</u></u>

() Denotes red figure.

CHICAGO TRANSIT AUTHORITY

Statement of Long-Term Debt

As of December 31, 1950

		Equipment Trust Certificates							
		Revenue Bonds, Series of 1947		Series A		Series B			
		Interest Rate	Amount	Interest Rate	Amount	Class 1		Class 2	
						Interest Rate	Amount	Interest Rate	Amount
Principal Payment Dates		July 1		Jan. 1—July 1		April 1—Oct. 1		April 1—Oct. 1	
Maturities by Years:									
1951	\$	—	—	4%	\$ 900,000	5%	\$ 215,000	5%	\$ 276,000
1952		—	—	4	1,860,000	3¾-4	445,000	5	287,000
1953	3¼%	1,000,000	—	4	1,940,000	3¾	465,000	5	299,000
1954	3¼	1,800,000	—	4	2,020,000	3¾	490,000	5	311,000
1955	3¼	2,400,000	—	4	2,100,000	3½	515,000	5	160,000
1956	3¼	2,800,000	—	4	2,180,000	3½	537,000	—	—
1957	3¼	3,000,000	—	—	—	—	—	—	—
1958-1961	—	8,000,000	—	—	—	—	—	—	—
1962-1965	—	8,000,000	—	—	—	—	—	—	—
1966-1972	—	13,000,000	—	—	—	—	—	—	—
1978	—	65,000,000	—	—	—	—	—	—	—
Principal amount outstanding		\$105,000,000		\$11,000,000		\$2,667,000		\$ 1,333,000	
Reserve Funds Held by Trustees:									
Series of 1947 Revenue Bond reserve (classified as Special Fund in accompanying balance sheet)			4,173,000						
Principal payment fund (deducted from Long-Term Debt in accompanying balance sheet)			—	905,000		111,345		68,500	
Equipment Trust Certificates per accompanying balance sheet				\$10,095,000		\$2,555,655		\$ 1,264,500	
Deposits (exclusive of interest) required to be made in 1951 (Notes 2 and 3)		\$ 1,284,000		\$ 1,828,000		\$ 448,068		\$ 278,500	
Collateral at December 31, 1950:									
Capitalized cost of property held in name of Trustees—									
86 elevated-subway cars (at basic contract price)				\$ 3,123,237		\$			
24 propane buses				389,640					
Capitalized cost of equipment in process of manufacture or delivery				1,035,960					
Cash and U.S. Government securities held by Trustees pending delivery of following equipment—									
114 elevated-subway cars									
176 propane buses				11,951,163					
12 trolley buses									
233 trolley buses							4,000,000		
				\$16,500,000		\$ 1,000,000			

- Notes: 1) Under the provisions of the Trust Agreement securing the Revenue Bonds the Authority is required to make monthly deposits of \$107,000 to its Revenue Bond Reserve Fund until such fund aggregates \$6,100,000, beginning July 1, 1952; the Authority is required to make monthly deposits to cover principal payments on Revenue Bonds due within one year, and commencing July 1, 1957, also to make monthly Sinking Fund deposits.
- 2) The Equipment Trust Agreements require that, so long as any Equipment Trust Certificates remain outstanding, a cash balance shall be maintained in the Depreciation Reserve Fund equal to \$887,800 at December 31, 1950, increasing monthly thereafter by \$143,200 to a maximum of \$1,705,000. Payments of principal and interest on all series of Equipment Trust Certificates are to be made from the Depreciation Reserve Fund, deposits to which are to be made only after requirements have been fulfilled for principal and interest on the Revenue Bonds.
- 3) The rights of the holders of Series B, Class 2, Equipment Trust Certificates are subordinate, with respect to the availability of funds for the payment of principal and interest, to the rights of the holders of Series A and Series B, Class 1 certificates.

SEE INSIDE PAGES FOR
STATEMENT OF FUNDS

CHICAGO TRANSIT AUTHORITY

Statement of Long-Term Debt

As of December 31, 1950

	Equipment Trust Certificates							
	Revenue Bonds, Series of 1947				Series B			
					Series A		Class 1	
							Class 2	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
Principal Payment Dates	July 1		Jan. 1—July 1		April 1—Oct. 1		April 1—Oct. 1	
Maturities by Years:								
1951	—	\$ —	4%	\$ 900,000	5%	\$ 215,000	5%	\$ 276,000
1952	—	—	4	1,860,000	3½-4	445,000	5	287,000
1953	3¼%	1,000,000	4	1,940,000	3½	465,000	5	299,000
1954	3¼	1,800,000	4	2,020,000	3½	490,000	5	311,000
1955	3¼	2,400,000	4	2,100,000	3½	515,000	5	160,000
1956	3¼	2,800,000	4	2,180,000	3½	537,000	—	—
1957	3¼	3,000,000	—	—	—	—	—	—
1958-1961	3½	8,000,000	—	—	—	—	—	—
1962-1965	3½	8,000,000	—	—	—	—	—	—
1966-1972	3½	13,000,000	—	—	—	—	—	—
1978	3¼	65,000,000	—	—	—	—	—	—
Principal amount outstanding		\$105,000,000		\$11,000,000		\$2,657,000		\$ 1,333,000
Reserve Funds Held by Trustees:								
Series of 1947 Revenue Bond reserve (classified as Special Fund in ac- companying balance sheet)		4,173,000						
Principal payment fund (deducted from Long-Term Debt in accom- panying balance sheet)		—		905,000		111,345		68,500
Equipment Trust Certificates per accompanying balance sheet				\$10,095,000		\$2,555,655		\$ 1,264,500
Deposits (exclusive of interest) required to be made in 1951 (Notes 2 and 3)		\$ 1,284,000		\$ 1,828,000		\$ 448,068		\$ 278,500
Collateral at December 31, 1950:								
Capitalized cost of property held in name of Trustees —								
86 elevated-subway cars (at basic contract price)				\$ 3,123,237		\$		
24 propane buses				389,640				
Capitalized cost of equipment in process of manufacture or delivery				1,035,960				
Cash and U.S. Government securities held by Trustees pending delivery of following equipment								
111 elevated-subway cars								
176 propane buses				11,951,163				
12 trolley buses								
233 trolley buses								4,000,000
				\$16,500,000		\$ 1,000,000		

- Notes: (1) Under the provisions of the Trust Agreement securing the Revenue Bonds the Authority is required to make monthly deposits of \$107,000 to its Revenue Bond Reserve Fund until such fund aggregates \$6,400,000, beginning July 1, 1952, the Authority is required to make monthly deposits to cover principal payments on Revenue Bonds due within one year, and commencing July 1, 1957, also to make monthly Sinking Fund deposits.
- (2) The Equipment Trust Agreements require that, so long as any Equipment Trust Certificates remain outstanding, a cash balance shall be maintained in the Depreciation Reserve Fund equal to \$887,800 at December 31, 1950, increasing monthly thereafter by \$145,200 to a maximum of \$1,708,000. Payments of principal and interest on all series of Equipment Trust Certificates are to be made from the Depreciation Reserve Fund, deposits to which are to be made only after requirements have been fulfilled for principal and interest on the Revenue Bonds.
- (3) The rights of the holders of Series B, Class 2, Equipment Trust Certificates are subordinate, with respect to the availability of funds for the payment of principal and interest, to the rights of the holders of Series A and Series B, Class 1 certificates.

CHICAGO TRANSIT AUTHORITY

STATEMENT OF FUNDS
For the Year Ended December 31, 1950

	Funds Under Control of Revenue Bond Trustee										Funds Under Control of Equipment Trusts (See Accompanying Statement)	Other Funds		
	Total	Transit Revenue	Series of 1947 Revenue Bond Interest	Reserve	Depreciation Reserve	Operating Expense Reserve	Municipal Compensation	Special Modernization	Modernization	Damage Reserve	Funds Held for Employees' Retirement Plan	Working Cash	Other Cash	
Balance December 31, 1949—														
Classified in accompanying balance sheet as:														
Special funds	\$ 12,421,653	\$ —	\$ —	\$ 2,889,000	\$ 1,666,358	\$ 150,000	\$ —	\$ 1,232,192	\$ 41,959	\$ —	\$ 2,657,033	\$ 3,785,111	\$ —	
Current assets	12,164,891	—	1,908,020	—	—	—	—	—	—	—	49,535	10,051,597	155,739	
	\$ 24,586,544	\$ —	\$ 1,908,020	\$ 2,889,000	\$ 1,666,358	\$ 150,000	\$ —	\$ 1,232,192	\$ 41,959	\$ —	\$ 2,706,568	\$ 3,785,111	\$ 10,051,597	
Eliminate—Fund transfers and deposits recorded at December 31, 1949, but made after that date	611,127*	5,307,419	—	9,635	362,009	36	2,472	184,916	168,237	—	573,269*	515,495*	6,172,387*	
Balance December 31, 1949—after eliminating above transfers and deposits	\$ 23,975,117	\$ 5,307,419	\$ 1,908,020	\$ 2,898,635	\$ 2,028,367	\$ 150,036	\$ 2,472	\$ 1,417,108 (2)	\$ 510,196	\$ —	\$ 2,333,299	\$ 3,269,616	\$ 3,879,210	
Add—Receipts:														
Collection of revenues	\$ 115,711,261	\$ 115,554,742	\$ 13,170	\$ 66,004	\$ 6,556	\$ 1,755	\$ —	\$ —	\$ —	\$ 69,034	\$ —	\$ —	\$ —	
Proceeds from sales of Equipment Trust Certificates	15,000,000	—	—	—	—	—	—	—	—	15,000,000	—	—	—	
Other receipts	5,016,585	4,244,706	—	—	49,689	—	—	—	—	69,034*	30,449	17,404	743,371	
Transfers from Transit Revenue Fund	—	120,929,686*	3,816,250	1,284,000	8,922,419	438,736	528,596	—	—	—	—	—	105,939,685	
Insurance recoveries and net proceeds from sales of property	—	53,253*	—	—	—	—	—	—	801,494	—	—	—	748,241*	
Other net transfers	—	13,170	13,170*	—	—	—	—	—	138,438	—	5,229,360	505,707	5,735,067*	
	\$ 135,727,846	\$ 1,170,321*	\$ 3,816,250	\$ 1,350,004	\$ 8,978,664	\$ 440,491	\$ 528,596	\$ —	\$ 939,932	\$ 15,000,000	\$ 5,259,809	\$ 523,111	\$ 100,199,748	
Deduct:														
Disbursements—														
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	\$ 101,158,765	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 101,158,765	
Disbursements for purposes for which funds were created	20,466,709	—	3,816,250	—	4,650,329	—	—	18,406	193,353	4,548,837	5,806,237	3,790,907	2,579,911*	
Transfers from Revenue Bond Trustee to Equipment Trusts (see accompanying statement)	—	—	—	—	5,315,615	—	—	1,050,000	495,000	6,860,615*	—	—	—	
	\$ 121,625,474	\$ —	\$ 3,816,250	\$ —	\$ 9,965,944	\$ —	\$ —	\$ 1,068,406	\$ 688,353	\$ 2,311,778*	\$ 5,896,237	\$ 3,790,907	\$ 98,578,854	
Balance December 31, 1950:—														
Before transfers described below:														
Cash	\$ 16,883,602	\$ 4,137,098	\$ 319,902	\$ 86,518	\$ 1,041,087	\$ 441,527	\$ 531,068	\$ 348,702	\$ 761,775	\$ 2,017,130	\$ 1,696,871	\$ 1,820	\$ 5,500,104	
U.S. Government securities (at cost)	21,193,887	—	1,588,118	4,162,121	—	149,000	—	—	—	15,294,648	—	—	—	
	\$ 38,077,489	\$ 4,137,098	\$ 1,908,020	\$ 4,248,639	\$ 1,041,087 (1)	\$ 590,527	\$ 531,068	\$ 348,702 (2)	\$ 761,775	\$ 17,311,778	\$ 1,696,871	\$ 1,820	\$ 5,500,104	
Add or Deduct*:														
December collections deposited January 2, 1951	838,223	838,223	—	—	—	—	—	—	—	—	—	—	—	
Fund transfers to be made after December 31, 1950—														
Transfers from Transit Revenue Fund	—	5,192,974*	—	—	541,767	—	333,734	—	—	—	—	—	4,317,473	
Reimbursement of Working Cash for disbursements payable from special funds	—	—	—	—	528,614*	—	—	—	—	—	—	—	1,320,865	
Other transfers	—	217,653	—	75,639*	37,376*	1,791*	2,472*	161,925*	630,326*	368,152	—	189	450,352*	
	\$ 38,915,712	\$ —	\$ 1,908,020	\$ 4,173,000	\$ 1,016,864	\$ 588,736	\$ 862,330	\$ 172,178	\$ 127,684	\$ 17,311,778	\$ 2,065,023	\$ 2,009	\$ 10,688,090	
Balance December 31, 1950	\$ 38,915,712	\$ —	\$ 1,908,020	\$ 4,173,000	\$ 1,016,864	\$ 588,736	\$ 862,330	\$ 172,178	\$ 127,684	\$ 17,311,778	\$ 2,065,023	\$ 2,009	\$ 10,688,090	
Classified in accompanying balance sheet as —														
Special funds	\$ 24,096,657	\$ —	\$ —	\$ 4,173,000	\$ 1,016,864	\$ 588,736	\$ —	\$ 172,178	\$ 127,684	\$ 15,951,163	\$ 2,065,023	\$ 2,009	\$ —	
Current assets	13,734,210	—	1,908,020	—	—	—	862,330	—	—	275,770	—	—	10,688,090	
Reduction of Long-Term Debt	1,084,845	—	—	—	—	—	—	—	—	1,084,845	—	—	—	
	\$ 38,915,712	\$ —	\$ 1,908,020	\$ 4,173,000	\$ 1,016,864	\$ 588,736	\$ 862,330	\$ 172,178	\$ 127,684	\$ 17,311,778	\$ 2,065,023	\$ 2,009	\$ 10,688,090	

Notes (1) \$887,800 minimum balance required by Equipment Trust Agreements at December 31, 1950.

(2) Includes \$161,925 held by Special Master which was subject to withdrawal on the basis of expenditures made.

*Denotes deduction.



The North Avenue trolley bus terminal blends into its surroundings in Lincoln Park



Terminal at Western and Berwyn is an attractively landscaped area

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The North Avenue trolley bus terminal blends into its surroundings in Lincoln Park



Terminal at Western and Berwyn is an attractively landscaped area

CHICAGO TRANSIT AUTHORITY

Statement of Funds Under Control of Equipment Trustees

For the Year Ended December 31, 1950

Funds Under Control of Equipment Trustees

	Series A Equipment Trust Certificates					Series B Equipment Trust Certificates					
	Combined	Total	For Purchase of Equipment	For Payment of		Total	For Purchase of Equipment	For Payment of of Principal		For Payment of Interest	
				Principal	Interest			Class 1	Class 2	Class 1	Class 2
Balance December 31, 1949	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Add:											
Receipts—											
Proceeds from sales of Equipment Trust Certificates	\$ 15,000,000	\$ 11,000,000	\$ 11,000,000	\$ —	\$ —	\$ 4,000,000	\$ 4,000,000	\$ —	\$ —	\$ —	\$ —
Interest collections on U.S. Government securities	69,034	57,888	57,888	—	—	11,146	11,146	—	—	—	—
Interest collections transferred to Revenue Bond Trustee	69,034*	57,888*	57,888*	—	—	11,146*	11,146*	—	—	—	—
	\$ 15,000,000	\$ 11,000,000	\$ 11,000,000	\$ —	\$ —	\$ 4,000,000	\$ 4,000,000	\$ —	\$ —	\$ —	\$ —
Transfers from Revenue Bond Trustee—											
For purchase of equipment	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
For payment of principal and interest on Equipment Trust Certificates	1,360,615	1,125,000	—	905,000	220,000	235,615	—	111,345	68,500	33,549	22,221
	\$ 6,860,615	\$ 6,625,000	\$ 5,500,000	\$ 905,000	\$ 220,000	\$ 235,615	\$ —	\$ 111,345	\$ 68,500	\$ 33,549	\$ 22,221
Deduct—Payments to equipment manufacturers	\$ 4,548,837	\$ 4,548,837	\$ 4,548,837	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Balance December 31, 1950:											
Cash	\$ 2,017,130	\$ 1,771,411	\$ 646,441	\$ 905,000	\$ 220,000	\$ 245,689	\$ 10,074	\$ 111,345	\$ 68,500	\$ 33,549	\$ 22,221
U.S. Government securities (at cost)	15,294,648	11,304,722	11,304,722	—	—	3,989,926	3,989,926	—	—	—	—
	\$ 17,311,778	\$ 13,076,163	\$ 11,951,163	\$ 905,000	\$ 220,000	\$ 4,235,615	\$ 4,000,000	\$ 111,345	\$ 68,500	\$ 33,549	\$ 22,221
Classified in accompanying balance sheet as—											
Special funds	\$ 15,951,163	\$ 11,951,163	\$ 11,951,163	\$ —	\$ —	\$ 4,000,000	\$ 4,000,000	\$ —	\$ —	\$ —	\$ —
Current assets	275,770	220,000	—	—	220,000	55,770	—	—	—	33,549	22,221
Reduction of Long-Term Debt	1,084,845	905,000	—	905,000	—	179,845	—	111,345	68,500	—	—
	\$ 17,311,778	\$ 13,076,163	\$ 11,951,163	\$ 905,000	\$ 220,000	\$ 4,235,615	\$ 4,000,000	\$ 111,345	\$ 68,500	\$ 33,549	\$ 22,221

*Denotes deduction.

CHICAGO TRANSIT AUTHORITY

Statements of Income (See Note)

For the Years Ended December 31, 1950 and 1949

	1950	1949
Revenues	<u>\$115,812,984</u>	<u>\$116,239,238</u>
Operating Expenses:		
Operation and maintenance expenses—		
Way and structures	\$ 8,423,026	\$ 8,489,381
Equipment	12,958,011	12,840,405
Power and fuel for equipment	10,993,768	10,904,288
Conducting transportation	57,013,967	60,882,843
General (including provisions of \$5,211,584 and \$5,710,031, respectively, for damage reserve)	12,666,738	12,378,229
	<u>\$102,055,510</u>	<u>\$105,495,146</u>
Depreciation	6,500,000	6,500,000
Municipal compensation	862,330	—
	<u>\$109,417,840</u>	<u>\$111,995,146</u>
Net operating income	<u>\$ 6,395,144</u>	<u>\$ 4,244,092</u>
Interest on Long-Term Debt:		
Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Interest on Equipment Trust Certificates	226,082	—
	<u>\$ 4,042,332</u>	<u>\$ 3,816,250</u>
Net income (see note)	<u>\$ 2,352,812</u>	<u>\$ 427,842</u>

Note:

The above statements show the revenues, expenses and net income of the Authority for the years ended December 31, 1950, and 1949. These statements do not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statements of application of revenues.

Following is a reconciliation between the net income shown above and the final balances shown on the statements of application of revenues:

	December 31	
	1950	1949
Net income	<u>\$ 2,352,812</u>	<u>\$ 427,842</u>
Appropriated for—		
Debt service requirements (Series of 1947 Revenue Bond reserve)	\$ 1,284,000	\$ 1,284,000
Portion of 1949 depreciation requirement not earned in that year	856,158	—
Operating expense reserve	438,736	—
Interest on Equipment Trust Certificates paid from depreciation reserve fund (credit)	(226,082)	—
	<u>\$ 2,352,812</u>	<u>\$ 1,284,000</u>
Unappropriated net revenues (deficiency)	<u>\$ —</u>	<u>(\$ 856,158)</u>

CHICAGO TRANSIT AUTHORITY

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)

For the Years Ended December 31, 1950 and 1949

	1950	1949
Revenues	\$115,812,984	\$116,239,238
Operation and Maintenance Expenses	102,055,510	105,495,146
	<u>\$ 13,757,474</u>	<u>\$ 10,744,092</u>

Debt Service Requirements:

Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Series of 1947 Revenue Bond reserve	1,284,000	1,284,000
	<u>\$ 5,100,250</u>	<u>\$ 5,100,250</u>
Balance	<u>\$ 8,657,224</u>	<u>\$ 5,643,842</u>

Other Requirements:

Depreciation—		
Current year's requirement	\$ 6,500,000	\$ 6,500,000
Portion of 1949 requirement not earned in that year	856,158	—
Operating expense reserve	438,736	—
Municipal compensation	862,330	—
	<u>\$ 8,657,224</u>	<u>\$ 6,500,000</u>
Unappropriated net revenues (deficiency)	<u>\$ —</u>	<u>(\$ 856,158)</u>

Note:

Deposits may be made in the Depreciation Reserve Fund only to the extent that monies are available therefor. The requirements for these deposits, however, are cumulative. Monthly deposits to the Operating Expense Reserve Fund may be made only from monies remaining in any one month after all deposits have been made to the Depreciation Reserve Fund. Deposits to the Municipal Compensation Fund may be made only from monies remaining in any one year after making all required deposits in the Depreciation Reserve Fund and Operating Expense Reserve Fund. In 1950, if sufficient monies had been available, the deposit in the Municipal Compensation Fund would have been \$158,651 larger.

CHICAGO TRANSIT AUTHORITY

Operating Statistics

For the Year Ended December 31, 1950

	Surface System	Rapid Transit System	Combined System
Passenger and Traffic Statistics:			
Revenue Passengers—			
Originating Passengers	641,597,249(1)	110,603,719	752,200,968
Transfers from other systems	(2)	35,086,178	35,086,178
Transfers from Chicago Motor Coach	(3)	2,943,835	2,943,835
Total Revenue Passengers	641,597,249	148,633,732	790,230,981
Revenue Vehicle Miles—			
Cars	68,767,134	44,534,576	113,301,710
Trolley Buses	11,286,310	—	11,286,310
Motor Buses	38,346,564	—	38,346,564
Total Revenue Vehicle Miles	118,400,008	44,534,576	162,934,584
*Revenue per Vehicle Mile	79.53c	44.14c	69.86c
Revenue Vehicle Hours—			
Cars	7,971,962	3,329,516	11,301,478
Trolley Buses	1,304,900	—	1,304,900
Motor Buses	4,217,256	—	4,217,256
Total Revenue Vehicle Hours	13,494,118	3,329,516	16,823,634
Power Statistics:			
Direct Current—Kilowatt Hours	428,035,970	208,156,301	636,192,271
Average Cost per Kilowatt Hour	—	—	1.45c
Net Cost of D.C. Power per Revenue Vehicle Mile	—	—	7.39c
Fuel Statistics:			
Gasoline—			
Gallons	10,328,521	—	10,328,521
Average Miles per Gallon	3.01	—	3.01
Diesel Fuel—			
Gallons	1,657,914	—	1,657,914
Average Miles per Gallon	4.41	—	4.41

Notes:

- (1) Surface System originating traffic includes Mail Carriers.
 - (2) Surface System receives no revenue on transfers from the Rapid Transit System and makes no record of passenger transfers from that System.
 - (3) Passengers transferring from the Chicago Motor Coach Company Buses are not reported.
- * Passenger and Chartered Vehicle Revenues.

CHICAGO TRANSIT AUTHORITY

Revenue Equipment Owned

December 31, 1950

	On Hand Dec. 31, 1949	January 1, 1950 to Dec. 31, 1950		On Hand Dec. 31, 1950
		Acquired	Retired	
Surface System				
Streetcars—				
P.C.C. Cars	683	—	1	682
Other Closed Platform	680	—	68	612
Open Platform	1,073	—	293	780
Total Streetcars	2,436	—	362	2,074
Buses—				
Trolley Buses	361	—	—	361
Gas—Mechanical	425	—	18	407
Gas—Hydraulic	489*	—	—	489
Diesel—Hydraulic	136	—	—	136
Propane—Hydraulic	—	31	—	31
Total Buses	1,411	31	18	1,424
Total Surface Equipment	3,847	31	380	3,498
Rapid Transit System				
Elevated Cars—wood and steel	1,057	—	113	944
Elevated-Subway Cars				
Steel, Conventional type	455	—	—	455
Metal, Articulated	4	—	—	4
Metal, P.C.C.	—	100	—	100
Total Rapid Transit Cars	1,516	100	113	1,503
Total Revenue Equipment Owned	5,363	131	493	5,001

*Seventeen Buses reclassified hydraulic, formerly mechanical.

CHICAGO TRANSIT AUTHORITY

Mileage Owned, Leased and Operated

December 31, 1950

	Surface System	Rapid Transit System	Combined System
Track Owned or Leased:			
Owned	950.23	170.23	1,120.46
Leased	6.62	60.64	67.26
Total Track Owned or Leased	<u>956.85</u>	<u>230.87</u>	<u>1,187.72</u>
Revenue and Non-Revenue Track or Route Mileage:			
Revenue Miles in Operation—			
Revenue Track in Operation	669.29	193.28	862.57
Trolley bus lines (Single way miles) in Operation	130.17	—	130.17
Motor bus lines (Single way miles) in Operation	652.29	—	652.29
Total Revenue Miles in Operation	<u>1,451.75</u>	<u>193.28</u>	<u>1,645.03</u>
Non-Revenue Miles—			
Unused Track	201.86(1)	—	201.86(1)
Service Track	85.70(2)	37.59(3)	123.29
Connecting trolley bus lines, and trolley bus storage	11.58	—	11.58
Total Non-Revenue Miles	<u>299.14</u>	<u>37.59</u>	<u>336.73</u>
TOTAL	<u>1,750.89</u>	<u>230.87</u>	<u>1,981.76</u>

Notes

- (1) This mileage covers tracks located in public ways and streets which are isolated, tracks from which electric service has been disconnected, and tracks not used.
- (2) This mileage covers tracks located in yards and carhouses; also 32.81 miles in public ways and streets used for pull-in, pull-out, work cars, and in case of emergencies.
- (3) Includes 8.07 miles Main Line Storage Track. Balance consists of tracks in yards and carhouses.

CHICAGO TRANSIT AUTHORITY

Statement of Transportation Property and Organization Expense

Showing Balance at December 31, 1949, Plus Additions and Less Retirements

During Year 1950 and Balance at December 31, 1950

	Balance Dec. 31, 1949	Plus Gross Additions	Less Retirements	Balance Dec. 31, 1950
Land	\$ 9,264,384	\$ 674,846*	—	\$ 8,589,538
Track and Paving	23,193,626	431,165	\$130,248	23,494,543
Machinery and Tools	1,864,556	325,357	42,370	2,147,543
Electric Line Equipment	8,785,386	543,104	273,528	9,054,962
Buildings	13,314,469	950,630	47,653	14,217,446
Cars	20,697,903	3,949,396	231,550	24,415,749
Buses	18,293,083	412,390	73,800	18,631,673
Work Trucks, Autos and Service Equipment	884,904	108,503	10,279	983,128
Furniture	446,614	88,036	840	533,810
Signals and Interlocking	359,081	15,729	19,796	355,014
Crossings, Fences and Signs	74,590	126,302	287	200,605
Elevated Structures	5,928,375	64,104	1,190	5,991,289
Substation Equipment	1,520,273	113,558	—	1,633,831
Telephone and Communications	104,314	46,534	1,008	149,840
Engineering	39,916	6,563	—	46,479
General and Miscellaneous	792,000	364,945	—	1,156,945
Total Transportation Property	\$105,563,474	\$6,871,470	\$832,549	\$111,602,395
Organization Expense	85,316	—	—	85,316
Total	<u>\$105,648,790</u>	<u>\$6,871,470</u>	<u>\$832,549</u>	<u>\$111,687,711</u>

*Denotes Deduction

Chronology

April 12, 1945

Metropolitan Transit Authority Act enacted by the General Assembly of the State of Illinois, was approved.

June 4, 1945

The Act was adopted by voters of City of Chicago and Village of Elmwood Park; and the City of Chicago ordinance, dated April 23, 1945, granting a fifty year exclusive franchise to Transit Authority was approved at referendum election.

June 28, 1945

Chicago Transit Board was organized for the transaction of business and Mr. Philip Harrington was elected its first Chairman.

July 24, 1945

The Governor of the State of Illinois approved "Park Acts" giving the Authority operating rights in Chicago Park District.

February 15, 1946

United States District Court filed opinions holding Chicago Transit Authority's plans for purchase of Chicago Surface Lines, and Chicago Rapid Transit Lines to be fair, equitable and feasible, warranting their submission to the security holders.

April 22, 1947

Sales to the Authority (as sole bidder) of the properties of Chicago Surface Lines and Chicago Rapid Transit Company, contingent upon the sale of bonds by the Authority, were held by Special Master Walter A. Wade at the Cook County Court House.

September 30, 1947

The \$105,000,000 Series of 1947 revenue bonds were delivered by the Authority and payment received. The Authority then made payments of \$75,000,000 for Surface Lines properties and \$12,162,500 for Rapid Transit properties.

October 1, 1947

Possession was taken of the properties formerly known as Chicago Surface Lines and Chicago Rapid Transit Company and operation was begun by Chicago Transit Authority as a unified system.

February 1, 1948

Consolidation made effective of Rapid Transit and Surface Divisions enabling personnel and activities of many departments of the two divisions to be consolidated.

April 4, 1948

All express Rapid Transit Service established on Lake St. Elevated route, discontinuing ten little used stations.

May 11, 1948

Adult fares on Surface routes were increased from 10 cents to 11 cents and on Rapid Transit lines from 12 cents to 13 cents, and appropriate adjustments made in other fare rates.

June 20, 1948

Adult Surface Route fares were increased from 11 cents to 13 cents and adult fares on Rapid Transit lines were increased from 13 cents to 15 cents with appropriate changes in other fare rates.

December 7, 1948

A plan was presented to the City Council Committee on Local Transportation by the Board for the establishment of all express transportation service on the North-South Rapid Transit routes.

December 31, 1948

New equipment deliveries during the year announced to be 298 street cars, 210 trolley buses, 372 motor buses and 2 rapid transit cars.

August 1, 1949

All express Rapid Transit Service was placed in operation on North-South subway and elevated lines.

CHRONOLOGY

September 1, 1949

Mr. Ralph Budd began three-year term as Chairman of Chicago Transit Board, pursuant to election by the Board on August 4, 1949, succeeding Philip Harrington who died on February 11, 1949.

October 15, 1949

Adult surface route fares were increased from 13 cents to 15 cents and adult fares on rapid transit lines were increased from 15 cents to 17 cents with appropriate changes in other fare rates.

November 3, 1949

The Chairman and General Manager were authorized by the Board to investigate every possible way or method of continuing the Modernization Program.

January 5, 1950

Mr. Guy A. Richardson was elected Vice-Chairman of Chicago Transit Board to fill the vacancy caused by the expiration of the term of Frank McNair.

May 17, 1950

The Chairman and the Secretary were authorized to execute a two-year agreement beginning June 1, 1950, with Division 241 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, providing for a wage increase of five cents an hour and five paid holidays. Similar agreements were subsequently entered into with other unions.

May 28, 1950

The new North Park Bus Terminal was officially opened, providing paved outdoor storage area for 350 buses with enclosed servicing facilities and an administrative building for transportation employees at this location.

June 27, 1950

Chicago Transit Board accepted offer of John Nuveen & Co. to purchase \$11,000,000 of equipment trust certificates, series A, which funds together with other funds of the Authority will be used to purchase not less than 500 motor buses and not less than 200 subway-elevated cars (including the 130 subway-elevated cars on order).

July 27, 1950

Contracts awarded for purchase of 500 propane fuel motor buses and 70 subway-elevated cars.

August 3, 1950

Chicago Transit Board accepted offer of John Nuveen & Co. to purchase \$4,000,000 of equipment trust certificates, Series B, which funds are to be used for the purchase of trolley buses.

September 7, 1950

Chicago Transit Board accepted offer of John Nuveen & Co. to purchase \$1,391,000 of equipment trust certificates, series C, to be issued when legally permissible. The funds are to be used for the purchase of trolley buses. Contracts were awarded for the purchase of 349 trolley buses.

October 2, 1950

Mr. James R. Quinn filed his oath of office, with the Secretary of State of the State of Illinois, for his appointment as a member of Chicago Transit Board for the term expiring September 1, 1957.

December 7, 1950

Following a public hearing, the budget was adopted for the year 1951 providing for \$113,466,000, to cover operating costs, fixed and other charges. Essential capital expenditures were budgeted at \$8,008,000 and an additional \$5,386,000 was budgeted for capital improvements which are dependent on finances.

December 24, 1950

Mr. Irvin L. Porter died. He was a member and Treasurer of Chicago Transit Board since its inception.

SEE INSIDE PAGES
FOR MAP OF
ROUTES IN SERVICE



SURFACE ROUTES

- MOTOR BUS
- TROLLEY COACH
- STREETCAR
- RAPID TRANSIT ROUTES
- ELEVATED
- SUBWAY

MODERN EQUIPMENT INSTALLATIONS,

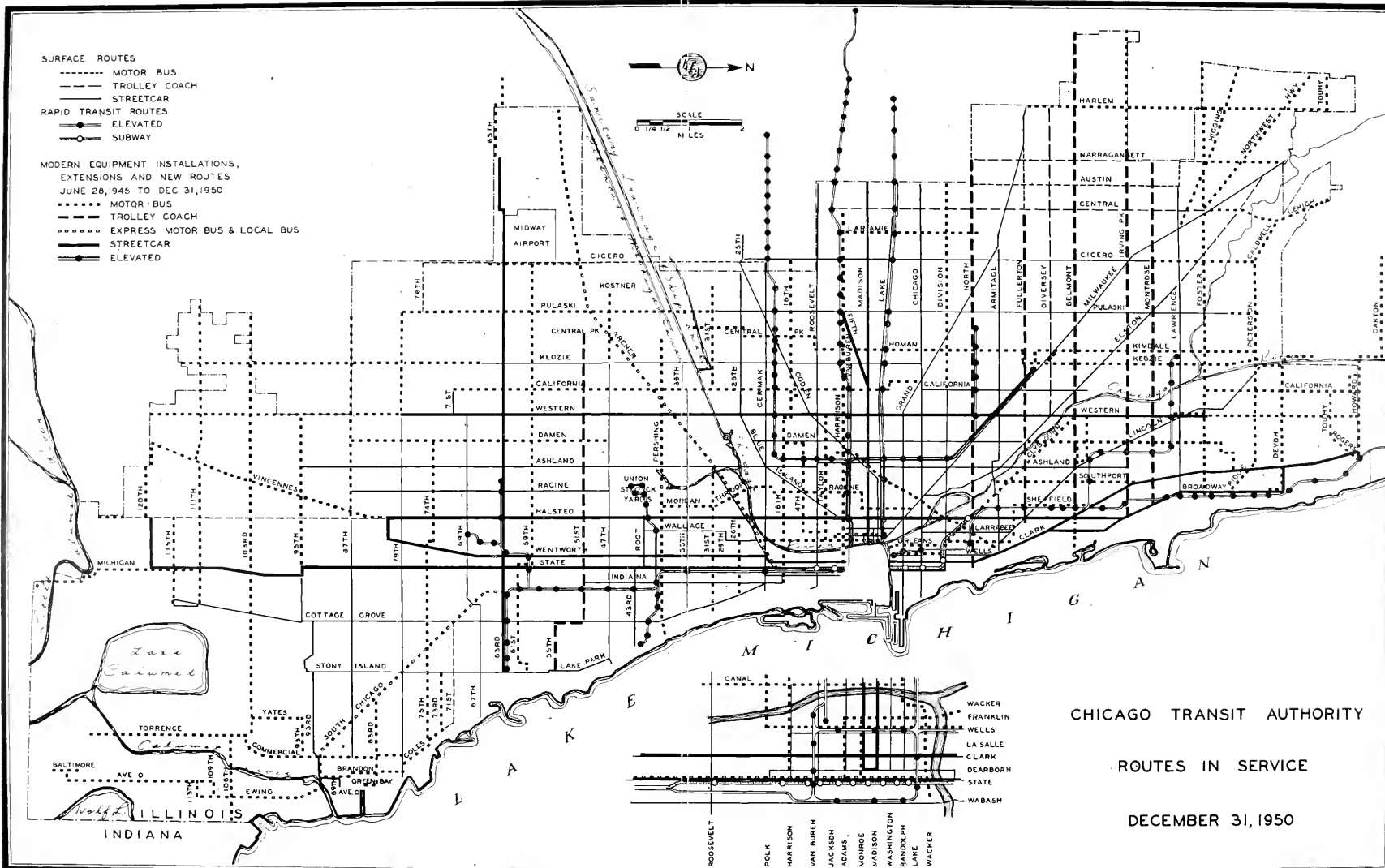
EXTENSIONS AND NEW ROUTES

JUNE 28, 1945 TO DEC 31, 1950

- MOTOR BUS
- TROLLEY COACH
- EXPRESS MOTOR BUS & LOCAL BUS
- STREETCAR
- ELEVATED



SCALE
0 1/4 1/2 MILES



CHICAGO TRANSIT AUTHORITY

ROUTES IN SERVICE

DECEMBER 31, 1950

ANNUAL REPORT OF THE

Chicago BOARD OF TRADE

CHICAGO BOARD OF TRADE

CHICAGO TRANSIT AUTHORITY

Seventh Annual Report

OF CHICAGO TRANSIT BOARD

for the Fiscal Year ended December 31, 1951

Ralph Budd • Philip W. Collins • John Holmes • William W. McKenna

John S. Miller • James R. Quinn • Guy A. Richardson

Ralph Budd, *Chairman* • Guy A. Richardson, *Vice Chairman*

William W. McKenna, *Secretary*

Walter J. McCarter, *General Manager*, Thomas C. Strachan, Jr., *General Attorney*

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1951 in Summary

Revenue passengers numbered 736,841,963, down 6.75 per cent from 1950. Gross revenues of \$112,533,696 were \$3,279,288 less than in 1950. Operation and maintenance costs of \$99,995,224 were \$2,060,286 less than in 1950.

Net operations earned all depreciation except \$61,778; 1950 results produced \$1,301,066 after depreciation for Operating Expense Reserve and Municipal Compensation.

\$825,000 of Series C, Equipment Trust Certificates were issued on July 1, 1951 and an additional \$1,260,000 of these certificates were issued on February 29, 1952 to pay for the remainder of the new equipment ordered in 1950. Retirements of serial maturities and deposits with the Trustees for future retirements reduced the outstanding liability for Equipment Trust Certificates to \$12,123,948 at December 31, 1951.

A wage increase of 1-c an hour, plus a cost-of-living adjustment, was granted; 7c an hour effective August 1, 1951; 3c an hour effective January 1, 1952 and 4c an hour effective June 1, 1952. The agreements cover the period August 1, 1951 to May 31, 1953.

Interim fare increases, effective August 1, 1951, provided for a 17 cent adult fare on the surface system and an 18 cent fare on rapid transit and on express bus lines. Children and school fares were increased from 7 cents to 8 cents and two zone through rides on the rapid transit system were increased from 20 cents to 25 cents. An experimental \$1.25 weekly downtown zone pass, was introduced on the surface system, effective October 30, 1951.

With a 59 per cent increase in automobile registrations since 1946, the street traffic congestion creates new problems. Measures, such as one-way streets, have been adopted. A Citizens Traffic Safety Board was organized at the request of the Mayor to recommend traffic improvements and to aid in solving traffic control problems.

"A" and "B" express stops, similar to the successful operation on Lake Street and on the North-South service were established for rush hours on the Garfield Park and Douglas Park Rapid Transit Lines. The Westchester portion of the Garfield Park Branch was converted to bus operation. A similar conversion was made on the Douglas Park service west of 54th Avenue. At the 54th Avenue terminal transfer facilities and parking lots were approved for installation in 1952.

Twenty-one street car lines were converted, seventeen to motor bus and four to trolley bus operation with an addition of about six miles of motor bus extensions. Revenue streetcar operation decreased from 669 to 414 track miles. Bus single way routes increased from 782 to 1080 miles.

New equipment received during the year included—520 propane buses, 190 trolley buses and 100 rapid transit cars; with 159 trolley buses to come in 1952.

The \$59,631,000 City-owned Milwaukee Avenue Subway, was opened on February 25. By the end of the year it was carrying over 60 per cent more riders than the Logan Square elevated line which it replaced.

A new electrically operated line supervision control system providing for accurately dispatched and closely supervised train operation has been placed in service on a large part of the rapid transit system. This is resulting in more regular and efficient service.

The *Lustfield Case*, decided by the Illinois Supreme Court, sustained the power of the Authority to operate buses in interurban service on the public highways without securing consent of the municipalities through which the buses are operated.

An increased emphasis on Charter Service was authorized by the management. A Sales Manager was appointed and procedures formulated for administering this service in a larger volume.

The City arranged for construction of temporary track on the surface to permit the Garfield Park rapid transit service to be maintained during construction of the Congress Street Superhighway. The City will later provide a median strip in the Superhighway right-of-way and a subway connection with the Dearborn Street Subway in which it will install track and other transportation equipment for operation of the rapid transit trains by the Authority. The City will be repaid by the Authority for the cost of the transportation equipment in equal monthly payments over the estimated service life of these facilities.

The number of employees decreased by 1,730 to a total of 17,867.



Snow Storms Add to Problems of CTA Surface Transit Vehicles.

Progress of Modernization To May 1, 1952

Since the start of its 10-year, \$150,000,000 modernization program, Chicago Transit Authority has invested approximately \$70,000,000 in modernizing its transportation equipment, its services and facilities.

The Authority has purchased a total of 2,815 modern cars and buses—900 gasoline and diesel buses of the latest design, 600 streamlined, noise-proofed streetcars, 560 silent-operating trolley buses, 551 propane-fueled buses, and 204 all-metal rapid transit cars.

These purchases of modern equipment exceed the amount bought by the two predecessor companies in the previous 38 years.

There are two features of the Authority's equipment modernization program, each of which established a record for the transit industry. The purchase of 349 trolley buses was the largest single order ever placed, and the purchase of 551 propane buses established the world's largest fleet of these odorless, economical vehicles. Public reaction to them has been most favorable.

Modernization of Service

With these new cars and buses, the Authority has extensively modernized its service. Buses have been substituted for streetcar operation on 1,090 miles of route. Only 456 miles of streetcar routes remain in service. Out of a total of 1,542 miles of surface routes, 1,166 miles are served by modern equipment. Approximately 70 per cent of the Authority's surface rides start on modern equipment. As a contribution to improved service, and the free-flow of street traffic, the Authority has increased off-the-street terminals from 34 to 73. More are to be established.

With the 204 modern, streamlined rapid transit cars, the Authority has completely equipped the new Logan Square-Milwaukee Avenue Subway, and is operating part of the Ravenswood, Douglas Park and Evanston rapid transit service with new equipment. Unification of the Authority's properties, elimination of wasteful duplication and competition between the surface and rapid transit systems, the closing of lightly used stations, and the inauguration of "A" and "B" express stop service on the major routes of the rapid transit system also materially improved service and cut operating costs. Substantial time savings have been accomplished through these procedures. On the Lake Street route, where this system of rapid transit operation was first established, running time between the loop and the west terminal was reduced by 10 minutes. On the North-South main line, travel time was reduced by approximately 5 minutes. On the Logan Square-Milwaukee Avenue route, running time between terminals was reduced approximately 50 per cent.

Contrary to the trend locally and nationally, riding on the rapid transit system has increased. Passenger volume for the rapid transit system as a whole is approximately 3 per cent

greater than 1950, and the upward trend is continuing. The sharpest increase has occurred on the Logan Square-Milwaukee Avenue Subway route.

Further improvements in rapid transit service are in progress. A combination rapid transit-bus terminal, the first with a joint loading platform on the Authority's system, has just been completed at the west terminus of the Douglas Park rapid transit route at 54th Avenue in Cicero. Here a parking lot with an initial capacity of 110 automobiles has been established for CTA customers, the first such facility to be provided by the Authority.

It is the intention of the Authority to establish additional transfer interchanges between the surface and rapid transit systems and, where possible, at off-the-street locations.

Modernization of Facilities

Approximately \$10,000,000 has been invested by Chicago Transit Authority in modernizing its plant facilities. Two modern bus garages, Beverly, at 103rd and Vincennes, and North Park, at Kedzie and Foster, have been constructed. New tools and new methods have been installed at the three principal shops, South Shops, at 77th and Vincennes, West Shops, at 3901 West End Avenue, and the Rapid Transit Shops in the Village of Skokie.

Consolidation of Offices

Two complete sets of departments, carried over from the predecessor companies, have been consolidated, operations have been unified and extensive economies have been achieved along with improvements in operations. Further economies are to be obtained in the near future by locating all general offices on a part of a single floor in the Merchandise Mart Building. These offices now occupy a number of separate quarters in various sections of the city.

Merit System

As provided by the Metropolitan Transit Authority Act, a merit system for Authority employes has been installed, jobs have been classified, the duties in each job defined, and the salary range in each classification established. Candidates for vacant positions must meet the specified qualifications and, insofar as possible, vacancies are filled by upgrading. As a result of consolidation of offices and activities, changes in operating procedures, and the use of modern equipment, the number of CTA employes has been reduced from 20,214 at the beginning of 1945, to 17,327 as of March 31, 1952.

Pensions

In keeping with the trend of the times, the Authority has established an improved pension system. The minimum pension is now \$75.00 per month, after 20 years service, and retirement at age 65. This pension is supplemented by Social Security.

Financial

The financial position of the Authority at December 31, 1951 and 1950, the results of its operations and fund transactions for the year ended December 31, 1951 are set forth in the accompanying balance sheets as of December 31, 1951 and 1950 and the related statements of income, of funds, and application of revenues, all of which have been certified by Arthur Andersen & Co., independent public accountants.

The Authority's revenues for the year 1951 and their application to the purposes, and in the order prescribed by the Trust Agreement securing the Authority's Series of 1947 Revenue Bonds, compared with the results for the previous year, are summarized below:

	1951	1950
Revenues	\$112,533,696	\$115,812,984
Operation and maintenance expenses	99,995,224	102,055,510
	<u>12,538,472</u>	<u>13,757,474</u>
Debt Service Requirements:		
Interest charges	3,816,250	3,816,250
Deposit to Series of 1947 Revenue Bond Reserve	1,284,000	1,284,000
	<u>5,100,250</u>	<u>5,100,250</u>
Balance before depreciation	7,438,222	8,657,224
Depreciation (including in 1950 an accumulated deficit from 1949 of \$856,158).	7,500,000	7,356,158
	<u>61,778*</u>	<u>1,301,066</u>
Operating Expense Reserve Fund.		438,736
		<u>862,330</u>
Provision for Municipal Compensation	\$	\$ 862,330

*Denotes Red Figure

As indicated above, revenues were sufficient to cover all operation and maintenance costs, debt service requirements and to provide \$7,438,222 toward the \$7,500,000 depreciation requirement determined in accordance with the provisions of the Bond Trust Agreement. The resulting \$61,778 deficiency in depreciation must be provided from subsequent earnings before any deposits may be made to the Operating Expense Reserve or set aside for Municipal Compensation or for Modernization.

The operating results for the year 1951 were affected by at least four major factors: a decrease in the number of passengers carried and an increase in fares were reflected in revenues, while increased wages and savings from operational changes arising from a continuation of the modernization plan affected operation and maintenance expenses. These factors tended to offset each other so that although revenues decreased \$3,279,288 from 1950, operation and maintenance expenses were down \$2,060,286 from 1950 and the amount available for debt service requirements, depreciation, etc., was \$1,219,002 less than in 1950. An increase of

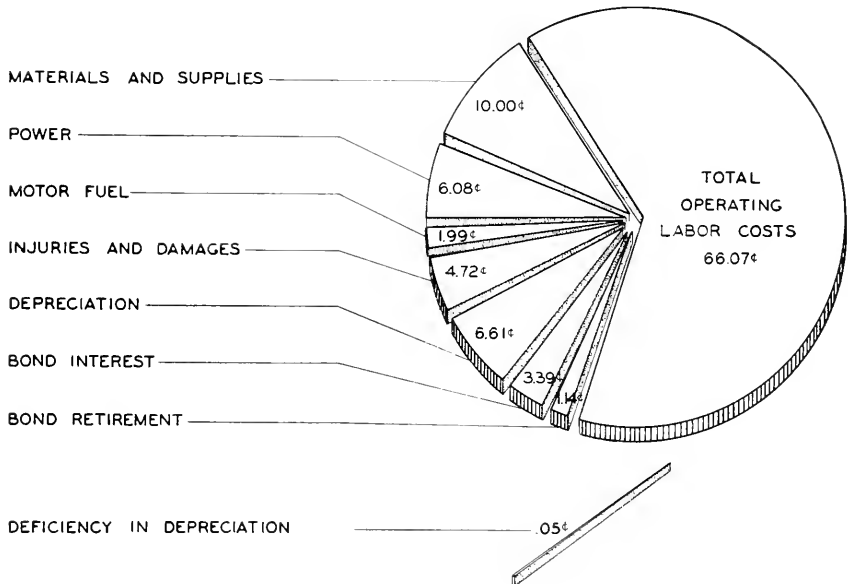
FINANCIAL

\$143,842 in depreciation requirements for the year 1951 together with the reduced balance available therefor resulted in a deficiency of \$61,778 in depreciation compared with \$1,301,066 available after providing for depreciation in 1950.

The revenue passenger rides originating on the lines of the Authority in 1951 and 1950 and the revenues received from all sources during these two years are shown below:

	1951	1950
Revenue Passenger Rides on CTA lines	<u>736,841,963</u>	<u>790,230,981</u>
Revenues:		
Passenger	\$110,586,592	\$113,811,063
Chartered Service	35,048	14,531
	<u>110,621,620</u>	<u>113,825,594</u>
Station and Car Privileges	1,100,120	1,010,204
Rent of Tracks and Facilities	477,208	489,635
Rent of Buildings and other Property	330,458	332,112
Miscellaneous	4,290	155,439
Total Revenues	<u>\$112,533,696</u>	<u>\$115,812,984</u>

DISTRIBUTION OF C.T.A.'S 1951 REVENUE DOLLAR



CHICAGO TRANSIT AUTHORITY

The number of revenue passengers carried on the Authority's lines declined 6.75 per cent from 1950. Rates of fare were increased on August 1, 1951, as explained in other sections of this report, so that gross revenues in 1951 decreased only 2.8 per cent from the previous year. The effect of the increased rates on average rates of fare is shown in the comparison below:

Period	Revenue Passengers	Passenger Revenue	Average Rate of Fare
January 1 to July 31	440,796,731	\$ 62,954,441	14.3c
August 1 to December 31	296,045,232	47,273,882	16.0c
	<u>736,841,963</u>	<u>110,228,323</u>	<u>15.0c</u>

The principal elements of operating and maintenance expenses, exclusive of depreciation for the years 1951 and 1950 are set forth below:

	1951	1950
Wages and Salaries	\$ 69,415,127	\$ 72,371,499
Pension Contributions	3,348,687	3,167,965
Federal Insurance Contribution	999,037	—
Employees' Insurance	593,614	854,504
Total Labor Costs	<u>74,356,465</u>	<u>76,393,968</u>
Electric Power Purchased	6,843,285	7,601,021
Motor Fuels Consumed	2,237,578	1,789,335
Operating Materials and Supplies	5,119,041	5,277,701
Provision for Injuries and Damages	5,304,270	5,211,584
Miscellaneous Services and Supplies, etc.	6,134,585	5,781,901
Total Operation and Maintenance Expenses.	<u>\$ 99,995,224</u>	<u>\$102,055,510</u>

New wage agreements signed, effective August 1, 1951, which are covered in more detail elsewhere in this report, together with the decrease in number of passengers riding the system were the principal factors necessitating the increase in rates of fare established by Chicago Transit Board effective August 1, 1951.

Wage and salary costs were reduced in 1951 from 1950 despite the increases in wage rates mentioned above as a result of putting in service the new equipment financed by equipment trust certificates; adjusting service to meet reduced riding also contributed to this reduction.

Pension costs increased because of the change in rate of contribution from 4 per cent to 5 per cent on June 1, 1951 in accordance with the provisions of the "Retirement Plan for Chicago Transit Authority Employees." This increase was partially offset by the termination on January 1, 1951 of the 1 per cent contribution in lieu of Social Security, when the employees of the Authority were again covered by the Federal Old Age program as a result of the 1950 Amendments to the Social Security Act. Contributions of 1½ per cent on individual earnings up to \$3,600 under the Federal Old Age program amounted to \$999,037 for the first year.

Employees' insurance costs were down from 1950 because of refunds due to favorable experience factors.

Reduction in total power and fuel costs reflect the shift to new equipment plus the reduction in mileage operated because of reduced riding. The reduction in cost of operating materials and supplies was also attributable to the lesser number of miles operated.

The increase in injury and damage costs are reflected in the change in the rate of provision from 4½ per cent to 5 per cent of gross revenues to meet rising costs of settling claims and damages.

Balance Sheet Comments

A certified comparative balance sheet of the Authority at December 31, 1951 and 1950, is attached to this report. The principal change in balance sheet accounts occurred in the fund accounts and is described in greater detail in subsequent paragraphs.

Transportation property increased \$14,010,821 during 1951, representing gross additions to property costing \$18,452,197 and retirements of property carried on the records of the Authority at \$4,441,376. The gross additions included \$15,433,056 covering the cost of 520 propane fueled motor buses, 190 trolley buses and 100 rapid transit cars.

Payments for the equipment delivered in 1951 were made from funds provided by the issuance of Equipment Trust Certificates in the amount of \$15,000,000 in 1950 and \$825,000 in 1951. Transactions affecting the trust certificates during 1951 are summarized below:

Equipment Trust Certificates	Outstanding Dec. 31, 1950	1951 Issued	Retired	On Deposit for Payment	Balance Dec. 31, 1951
Series A	\$11,000,000	\$ —	\$ 900,000	\$1,833,000	\$ 8,267,000
Series B	4,000,000	—	491,000	415,413	3,093,587
Series C	—	825,000	—	61,639	763,361
	<u>\$15,000,000</u>	<u>\$825,000</u>	<u>\$1,391,000</u>	<u>\$2,310,052</u>	<u>\$12,123,948</u>

As indicated in the note to the balance sheet and as described in a subsequent section of this report, additional equipment trust certificates were to be issued during 1952 to provide funds for the remainder of the equipment ordered during 1950 in continuation of the Authority's modernization program.

Status of Funds

The balance as of December 31, 1951, in the various funds required to be established by the Trust Agreement or provided for the operation of the Authority, are set forth in the attached Statement of Funds which is a part of this report.

Provision has been made in full for all fund accounts of the Authority in accordance with the Trust Agreements or Ordinances of Chicago Transit Board with the exception of the Depreciation Reserve Fund, in which funds were available to deposit in 1951 only \$7,438,222 of the \$7,500,000 required to be deposited. The deficiency of \$61,778 in these deposits must be made up from subsequent earnings before any further deposits may be made to either the

Depreciation Reserve Fund or any funds subsidiary thereto. Since revenues were insufficient to cover all depreciation requirements, no funds were available for and no deposits were made for either the Operating Expense Reserve, Municipal Compensation or Modernization Funds.

The statement of funds gives effect to certain transactions which were recorded in the accounts of the Authority, but for which cash transfers could not actually be made until after December 31, 1951.

New Financing

On July 1, 1951 the Chicago Transit Board contracted for the issuance of additional Equipment Trust Certificates, Series C—Class 1 and Class 2, in the amount of \$2,311,000 to provide funds for the purchase of 124 units of new equipment ordered during 1950, but not delivered until late 1951 and early 1952.

An initial \$825,000 of this Series was issued on July 1, 1951 and consisted of \$550,000 Series C—Class 1 certificates, bearing interest at rates varying from $3\frac{1}{2}$ per cent to 5 per cent per annum and maturing serially beginning August 1, 1952 and thereafter semi-annually to August 1, 1957, and \$275,000 Series C—Class 2 certificates bearing interest at the rate of 5 per cent per annum and maturing serially beginning February 1, 1952 and thereafter semi-annually to February 1, 1956. The interest rates on this issue average 4 per cent per annum as do all of the Equipment Trust Certificates issued by the Authority up to this time.

Another \$1,260,000 principal amount of the Series C—Class 1 and Series C—Class 2 certificates were issued as of February 29, 1952. These, also, are to bear interest at varying rates but are to average not more than 4 per cent per annum.

The payments for interest and principal called for by the Equipment Trust Agreement covering the issuance of the certificates are to be made from the Depreciation Reserve Fund of the Authority and do not constitute charges against the regular operations of the Authority. 1951 payments from the Depreciation Reserve Fund for this purpose amounted to \$3,213,166, of which \$1,391,000 was applied to the retirement of serial maturities and \$1,822,166 remains on deposit with the Trustees for payment of subsequent maturities, leaving \$2,310,052 on deposit for this purpose at December 31, 1951.

Operating and Construction Budget

In 1951 it was necessary to make an additional appropriation of \$2,400,000 to cover operating expense items which over-ran budget estimates for that year, primarily because of wage increases. Additional revenues were available for this purpose as a result of the fare increases instituted by Chicago Transit Board on August 1, 1951, which had not been anticipated in the budgets originally approved by the Board.

On December 27, 1951, the Transit Board, after complying with the requirements of the Metropolitan Transit Authority Act and of the Trust Agreement securing the Series of 1947 Revenue Bonds, adopted Operating and Capital Budgets for the fiscal year 1952. In the Operating Budget \$94,792,000 was appropriated for Operating and Maintenance Expenses, \$3,626,000 for Retirement Plan Costs, \$994,000 Federal Insurance Contributions, \$3,816,000 Bond Interest cost, \$500,000 for Series of 1947 Serial Bond Maturity Fund, \$943,000 for Series

OPERATING AND CONSTRUCTION BUDGET

of 1947 Revenue Bond Reserve Fund, and 8 per cent of gross revenues for depreciation (estimated to be \$9,102,300).

The amount of \$5,259,500, budgeted for debt service, is \$259,250 more than the amount expended or set aside during 1951. This reflects the completion of deposits to the Revenue Bond Reserve and the commencement on July 1, 1952, of payments to the Series of 1947 Serial Bond Maturity Fund, in accordance with the Bond Trust Agreement.

The amount provided for depreciation is based on the 8 per cent of gross revenues, as required in 1952 under provisions of the Bond Trust Agreement.

The Operating Budget for the year 1952 anticipates an amount of \$9,683,500 will be available in the Depreciation Reserve and other funds for the modernization of the property, after providing \$168,800 to be retained unexpended and uncommitted in the Depreciation Reserve Fund as a guarantee for the Equipment Trust Certificates. Principal and interest payments on the Equipment Trust Certificates now outstanding or to be issued during 1952 will require \$3,671,000. The agreements securing the Equipment Trust Certificates provide that monthly service requirements on the Certificates must be met from modernization funds before any other modernization expenditures may be made. The balance of \$6,012,500 will be expended on the various modernization projects approved by the Board in the 1952 Capital budget.

The Capital budget also set forth additional modernization projects, estimated to cost \$2,649,300, which are to be undertaken if the funds can be made available therefor.

Should passenger riding decline further than the Board has anticipated and 1952 revenues fall below the budget estimate a lesser amount of funds will necessarily be available for modernization and it will become necessary to defer capital projects now included in the 1952 budget.



The New 49-Seat Marmon-Herrington Trolley Bus is used on Heavy Traffic Density Routes.

Service and Plant Improvements

Street Traffic

The congestion caused by street traffic continues to be a major factor in the operation of the transit vehicles of the Authority.

To aid in combating street accidents and in solving traffic control problems a Citizens Traffic Safety Board was organized at the request of the Mayor of Chicago. It is an advisory group recommending improvements, rousing public support and pressing for official action to save lives and reduce the delays of street transportation. The members of this Safety Board are all prominent in Chicago's public affairs and it is the aim to unify the efforts of business, governmental and civic groups in a broad and intensive traffic engineering enforcement and educational program. The Safety Board will endeavor to accomplish these aims as an adequately staffed and financed nongovernmental agency.

The pressure for additional street facilities may be noted from the following:

Passenger Automobiles	1946	1951	% Increase
Registered in City of Chicago	461,124	734,785	59.3
Entering Central Business District*	136,011	171,772	26.3

*Weekday average from Cordon Counts, 7:00 A.M. to 7:00 P.M.

Effective November 10, 1951, a one-way street system was established on five streets in the central business district by action of the City Council of the City of Chicago. With one-way operation on Randolph Street, Washington Street, Madison Street, Monroe Street and Adams Street a number of routes of the surface system were rerouted to conform to the traffic limitation. The Authority has cooperated fully with the city officials whose duties it was to direct the one-way street plan. On the whole, the plan has been successful in providing additional capacity for moving traffic.

The year 1951, with 68.3 inches of snowfall, set a record for the 67 year history of the weather bureau in Chicago. This experience was extremely costly to Chicago Transit Authority. The snow at the beginning of the year interfered somewhat with the Authority's surface operations, but the worst accumulations of snow were in the first week of November and the last two weeks of December. In the latter month 33.3 inches of snow fell as compared with 6.6 inches for a normal December. The Authority with its snow fighting equipment was able to keep its traffic lanes open. The City of Chicago likewise utilized all of its available equipment to good effect. However, illegally parked automobiles and trucks so monopolized the traffic lanes that progress on surface transportation was very difficult. In many instances it was necessary for the utility vehicles of the Authority to remove automobiles from the traffic lanes. The experience during that period indicates the desirability of better means of controlling vehicles so that free movement of traffic and essential transportation is not interrupted.

Surface Lines

The delivery of the new propane buses and trolley buses has resulted in many conversions to bus service from streetcar operation. The downtown routings of many car and bus lines were also modified to conform to the one-way pattern of streets.

SURFACE LINES

Motor buses were substituted for streetcar operation on the following routes:

Route	From*	To*	Round Trip Miles
Armitage Avenue	W. Armitage & N. Laramie	W. Armitage & N. Clark	12.80
Division Street	W. Division & W. Calif.	E. Congress & S. State	10.24
Elston Avenue	N. Elston & N. Milwaukee	N. Dearborn & W. Randolph	23.36
Lincoln-Wells	N. Lincoln & W. Peterson	S. Wells & W. Harrison	19.38
Lincoln-D.T.	N. Lincoln & W. Peterson	S. Wabash & W. Harrison	20.18
North Damen	S. Damen & W. Blue Island	N. Damen & W. Fullerton	10.96
Ogden Avenue	W. 25th & S. Laramie	N. Dearborn & W. Randolph	14.90
Roosevelt Road	W. Roosevelt & S. Austin	E. Roosevelt & S. Michigan	16.15
Stony Island	S. Stony Island & E. 93rd	E. 47th & S. Prairie	14.25
Van Buren	W. Van Buren & S. Kedzie	W. Van Buren & S. State	8.56
Wallace-Racine	S. Racine & W. 87th	N. State & W. Wacker	22.55
Westchester	DesPlaines Rapid Tr.	Canterbury & Balmoral	10.96
35th Street	W. 36th & S. Kedzie	E. 35th & S. Cottage Grove	10.31
47th Street	W. 47th & S. Kedzie	E. 47th & S. Lake Park	12.74
79th Street	W. 79th & S. Western	W. 79th & S. Brandon	14.35
87th Street	W. 87th & S. Vincennes	E. 87th & S. Commercial	10.90
93rd-95th St.	W. 95th & S. State	E. 89th & Avenue "O"	10.67

*The limits shown for the above routes are approximately those of the former streetcar operation. The terminals of a number of these routes are extended to include bus operation that had previously been established.

Motor bus operation was extended on the following routes:

Route	From	To	Round Trip Miles
Canal-Wacker	N. Wabash & E. Wacker	Navy Pier	2.38
Kimball Avenue	N. Kimball & W. Peterson	Lincoln Village	0.89
Lawrence Extension	N. Broadway & W. Lawrence	W. Lawrence & N. Marine Dr.	1.37
47th Street	W. 47th & S. Kostner	S. Cicero & E. 46th	1.42

In extending the Kimball Avenue line to Lincoln Village the trips to the terminal on N. Kedzie Avenue near W. Peterson Avenue were discontinued. The 47th Street extension motor bus now has its east terminal at W. 47th Street and S. Archer Avenue. Minor extensions incidental to rerouting were also introduced.

Trolley buses were substituted for streetcar operation on the following routes:

Route	From	To	Round Trip Miles
Cicero Avenue	N. Cicero & W. Pensacola	S. Cicero & W. 24th Pl.	15.81
Grand Avenue	W. Fullerton & N. Nordica	Navy Pier	20.95
Lawrence Avenue	W. Lawrence & N. Austin	W. Lawrence & N. Broadway	12.60
Pulaski Road	W. 31st & S. Komensky	N. Pulaski & W. Peterson	20.74

CHICAGO TRANSIT AUTHORITY

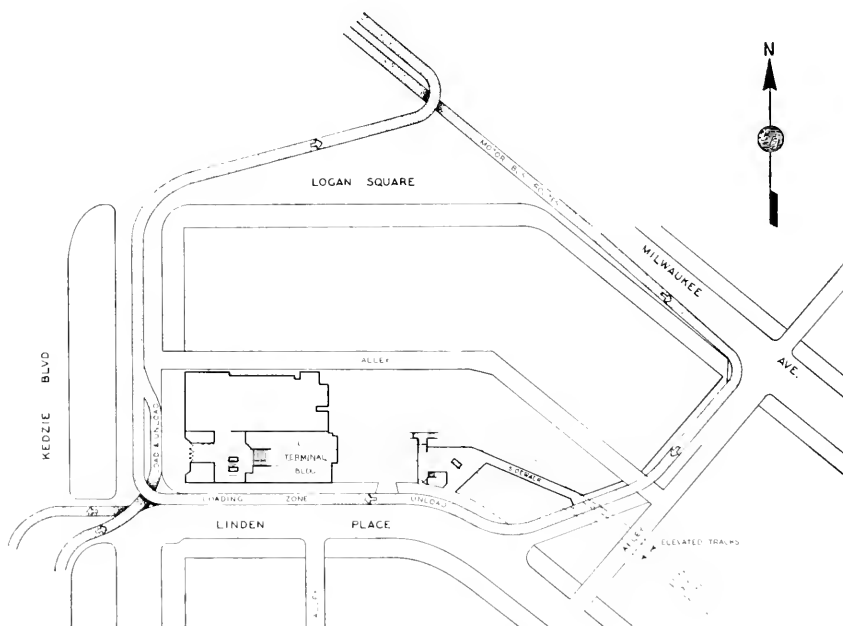
The above limits are for the routes as they were operated at the end of the year. They vary slightly from the limits of the former streetcar operation.

When the remaining trolley buses, of the group of 349 that were ordered, are delivered other streetcar routes will be converted to bus operation. The substitution of trolley buses for streetcars on Chicago Avenue had already been authorized by the Board at the close of the year. In some instances motor bus operation may be replaced with trolley buses, releasing motor buses for use elsewhere.

New off-street terminals for the use of motor buses or trolley buses were established during the year at the following locations:

S. Archer Avenue & S. Neva Avenue
S. Cicero Avenue & W. 24th Place
Desplaines Avenue & Garfield Park "L"
N. Elston Avenue & W. Kentucky Avenue
W. Fullerton Avenue & N. Nordica Avenue

E. Grand Avenue and N. Streeter Drive
N. Lincoln Avenue & W. Whipple Street
N. Milwaukee Avenue & Logan Square
N. Pulaski Road & Peterson Avenue
W. 31st Street & S. Komensky Avenue



DIRECT TRANSFER CONNECTIONS
BETWEEN
SURFACE ROUTES AND LOGAN SQUARE "L" TERMINAL

In addition to the above a number of existing terminals have been improved to facilitate bus movement. There are now a total of 73 off-street terminals on the system. It should be noted that the Desplaines Avenue and Logan Square terminals are in the nature of transfer terminals between the surface system and the rapid transit line. A transfer terminal was likewise being developed at 54th Avenue on the Douglas Park rapid transit line.

During the month of December, 55 per cent of the surface system passengers originated on motor buses or trolley buses. At the end of the year there were but seventeen streetcar lines remaining. Of these, five were operated with one-man cars. Three of the two-man lines were operated with motor buses on weekends. P.C.C. streetcars were operating on six major lines. Some 70 per cent of the passengers on the surface system rode on modern equipment.

At the close of the year, there were 414 revenue miles of streetcar track in operation and 1080 single way revenue miles of bus operation. The latter included 196 revenue miles of trolley bus lines and 884 revenue miles of motor bus lines. This compares with 1024 miles of streetcar track, 49 trolley bus miles and 168 motor bus miles in 1945.

The bus substitutions occasioned the abandonment of approximately 260 single track miles during the year. The track abandonment program has involved considerable activity on the part of the Way and Structure Department. The rail removals, in conjunction with the City's street repaving work, totaled approximately 18 track miles. Ten miles were also removed in carhouses, yards and open track, while 71 miles of abandoned track were covered with bituminous pavement by the City and County, in their resurfacing program. A total of 52 track grade crossings were removed, eliminating considerable maintenance expense.

The electrical department likewise was engaged in considerable activity by reason of the conversions to bus operation. New overhead wires were put in place to accommodate the trolley bus conversions on over 70 single way miles of route that were placed in operation during the year. Work of this nature was also started on other routes. Lighting had to be supplied for bus loops and other new facilities along the routes.

Because of the track abandonment program, trolley spans and feeder cables were removed from many streets. Line poles were removed which were no longer needed by the Authority or the City of Chicago. Conduit lines and manholes were abandoned and salvage was effected to the greatest extent possible.

Rapid Transit

The rapid transit system has enjoyed an excellent record during the past year in so far as the number of passengers carried are concerned. The total traffic was slightly above a year ago, whereas the nation wide trend and the trend of the Chicago Transit Authority system as a whole was downward. This satisfactory showing may be attributed to a number of things including the various service improvements that have been made on the rapid transit system, the introduction of new cars, the addition of the Milwaukee Avenue Subway, new surface feeder lines, and the fact that rapid transit trains are free from the delays and slow operation caused by the increase in street traffic congestion. This latter factor, while present at all times of the year, was especially marked during the period of heavy snowfalls. In the last two weeks

CHICAGO TRANSIT AUTHORITY

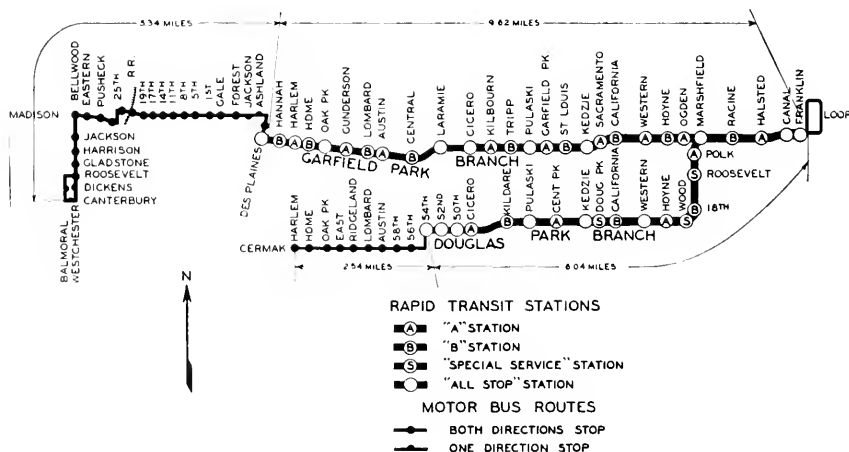
of December there were over 24 per cent more passengers originating at rapid transit stations than during the corresponding weeks of the year previous.

With the opening of the Milwaukee Avenue Subway the use of the northwest branch of the elevated from Marshfield station to the Damen Avenue junction was discontinued. The Humboldt Park service was established as a shuttle line on a trial basis. These several changes eliminated the need for the Lake Street transfer station, to which service was discontinued, and the Lake and Ashland station was reestablished. The Loomis-Ogden station on the Lake Street branch was also reestablished on a trial basis.

In December the Garfield Park service was established on a skip stop or "A" and "B" stop basis for rush hour express operation. The Westchester branch, which was an extension of the Garfield Park service west of the Desplaines Avenue station in Forest Park over the tracks of the Chicago, Aurora and Elgin Railway at ground level, was discontinued as a train operation and motor bus service with a transfer terminal at the Desplaines Avenue station was substituted. The Sunday operation was further modified by operating the Westchester bus service to a connection with the Lake Street rapid transit line near Harlem Avenue. On Sundays there is no train operation west of Laramie Avenue on the Garfield Park route. This service has been supplanted by a motor bus operation from Desplaines Avenue in Forest Park to the Central Avenue station of the Lake Street rapid transit line, covering most of the territory of the Garfield Park Route west of Laramie Avenue.

The Douglas Park branch was likewise speeded up in December by the establishment of "A" and "B" stops for rush hour express operation. A number of little used stations were

WEST SIDE RAPID TRANSIT SERVICE GARFIELD PARK AND DOUGLAS PARK BRANCHES



abandoned so that the spacing in the Chicago area is approximately one-half mile between stations. A new station was constructed at Central Park Avenue. It was also part of the plan to discontinue train service west of 54th Avenue in the town of Cicero, construct a terminal with bus transfer and automobile parking facilities, and operate a motor bus service from the terminal, west of 54th Avenue, to Cermak Road and Harlem Avenue. This rail operation is at ground level with frequent street crossings. Injunction proceedings on behalf of the City of Berwyn interfered with carrying out this part of the plan in 1951. (Following a ruling favorable to the Authority, bus operation west of 54th Avenue began February 3, 1952.)

These changes, while improving the service for most of the riders will also introduce a greater economy of operation.

Operation on the west side rapid transit routes, particularly the Garfield Park branch, may become disturbed to some extent during the latter part of 1952 by reason of the West Route Superhighway construction. The timing and exact nature of the service rearrangements will depend on the construction progress.

A more accurate dispatching and closer supervision of train operation is now provided by the new electrically operated line supervision control system, which has been placed in operation on a large part of the rapid transit system. This is resulting in more regular and efficient service.

The Milwaukee Avenue Subway

Operation of the Milwaukee Subway began on February 25, 1951. The Logan Square line operating in this subway, which was described in the Annual Report for 1950, was carrying over 60 per cent more riders at the year end than the old elevated service. Logan Square station, the outer terminal, was registering about 85 per cent more passengers than for the corresponding days of a year ago.

The fast direct service to the northwest side has attracted new riders and additional transfer passengers from surface routes. To extend the timesaving advantages of this rapid transit artery to more riders, the Authority placed the following service changes and additions in effect on surface routes connecting with the Milwaukee Avenue Subway and the elevated portion of this route to Logan Square:

1. Extended the north terminal of the Morgan-Racine bus line to the connection with the Grand-Halsted subway station.
2. Inaugurated a bus operation in Armitage Ave., between Grand Avenue and the Logan Square route at Western Avenue.
3. Scheduled special westbound buses in Division Street during evening rush hours to pick up passengers transferring from the Milwaukee Avenue Subway at Milwaukee-Ashland station.
4. Established a limited stop rush hour bus service in Milwaukee Avenue between Central Avenue and the Logan Square rapid transit terminal.
5. Opened a convenient new out-of-traffic transfer facility at the Logan Square terminal to provide an off-street connection to and from the rapid transit for riders of N. Kimball, Kedzie-Homan and Milwaukee Avenue buses.

The popularity of these changes is reflected in the fact that constantly increasing numbers of transfer riders are using northwest side surface lines as feeders to the fast subway route.

Equipment

In 1951 there were 520 propane fueled motor buses, 190 trolley buses and 100 rapid transit cars delivered—810 units in all. This was the greatest number of units acquired in any one year since 1948. There were still 159 of the Marmon-Herrington trolley buses to be delivered in 1952. The entire current program, including the above equipment, is:

500 Twin Coach-Propane Motor Buses

51 ACF Brill-Propane Motor Buses

349 Marmon-Herrington Trolley Buses

200 St. Louis Car Co. Rapid Transit Cars

1100 units in all

This will bring the total number of units delivered under the Authority's modernization plan to 2,815 new cars and buses.

It is highly desirable from both a service and economy of operation standpoint that additional units of both surface and rapid transit equipment be acquired.



New Girder on Lake Street Elevated Eliminates Columns from Traffic Lanes in N. Wacker Drive.

Plant Improvement

In addition to new passenger equipment and improvements on road, station and terminal facilities for both surface and rapid transit, a number of other plant improvements have been carried out. These included extensive remodeling of the depots at North Avenue and Cicero Avenue, at 77th Street and Vincennes Avenue and at 24th Street and Leavitt Street, to accommodate the growing number of buses. The 24th and Leavitt Street depot became an all bus station. Two streetcar depots, Elston and Wrightwood, were removed from service as operating stations.

Propane storage and dispensing plants were installed at four depots. These fueling facilities are located outside of the terminal buildings and include many features to insure safe handling of fuel. Extensive improvements were made to the South Shops located near 77th Street and Vincennes Avenue to modernize this plant and adapt it more completely for the servicing and overhauling of buses. Facilities have been provided for more efficient handling of materials and supplies. The installation of two additional streetcar and bus washers was completed on the system.

Construction was started on an addition to the Skokie Shops to provide additional shop capacity for the servicing and overhauling of rapid transit trains.

Due to the expansion of motor bus operation, three substations were discontinued. Two substations, from which the Authority has been receiving energy, were changed to Chicago Transit Authority personnel operation in accordance with the power contract with the Commonwealth Edison Company. Additional substation facilities were installed to provide adequate capacity for feeding the Milwaukee Avenue Subway.

The major portion of the construction work on these and other improvements was performed by the forces of the Authority. Among the plans, on which work is being done for additional facilities, were those for the \$2,500,000 project at Elston and Armstrong Avenues, a major trolley bus and motor bus terminal. It is anticipated that some of the underground piping, sewer facilities and paved area at this location may be placed during the coming year.

Public Improvements

In addition to cooperating by rerouting its lines and removal of certain structures for street paving projects, the Authority has had considerable construction work to do in connection with other public improvements. This includes the supporting of structures and the construction of new facilities in connection with the Congress Street Superhighway. Work of this nature will continue for some time. Diversion tracks were installed on Madison Street, at the Wacker Drive extension, in order to insure continuous operation of our streetcars during the improvement work at that location.

Four of the elevated columns of the Lake Street structure spanning Wacker Drive were removed and new columns installed where they would not interfere with Wacker Drive traffic. The street was spanned with new plate girders. The total cost was approximately \$55,000, for a project that was entirely for the benefit of general street traffic.

Modernization Status

The expenditure of \$17,352,000 for improvements, in addition to current renewals, in 1951 has raised the accomplished modernization of the Authority's program to a high level.

Summarizing expenditures to date we have:

Expended for Modernization from inception of the Authority to December 31, 1950	\$48,064,000
Modernization expenditures during the year ended December 31, 1951	\$17,352,000
Total to December 31, 1951	\$65,416,000

Of the expenditures made in 1951, \$15,433,000 was for new equipment. Expenditures of approximately \$2,950,000 for this purpose will also be made during the coming year because of the remaining deliveries of the current equipment program, bringing total expenditures for modernization to \$68,366,000.

General Activities

Real Estate

During the year thirteen parcels of real estate were sold at a total sales price of \$554,250. Seven parcels of real estate were purchased at a total price of \$62,765. The latter were principally for use as off-street terminals for surface transit vehicles of the Authority.

In the annual report of the Board for 1950 it stated the Authority hoped to move all of its general offices to the Merchandise Mart, on a single floor, about November 1, 1951. There has been some delay occasioned by the fact that tenants occupying space to be taken by the Authority were unable to move to other space at the scheduled time.

The Authority however, gave up all space at 79 W. Monroe Street except for a relatively small area required for power supervision, radio room and telephone switchboard. It was not practical to move these facilities, with their maze of wire connections, to temporary quarters pending their permanent location. Considerable space was also vacated at 175 W. Jackson Bldg., and a number of departments were housed temporarily in various scattered quarters in car house, shop and other buildings of the Authority, which kept the rental payments at a minimum.

The greater portion of the Authority's new space in the Merchandise Mart will be ready for occupancy about June 1, 1952 and all departments will be located there by the end of the year. Full advantage can then be taken of the increased efficiency of a consolidated office, with a lower over-all cost for space of about \$144,000 per year than under the old scattered arrangement.

Rates of Fare

The General Manager in compliance with Resolution No. 49-223, under date of June 29, 1951, presented to the Chairman and members of the Board a report and recommendation stating

his opinion that a change in rates of fare was required in order to provide revenues in such amount as required by law. This report cited the effect of system wide application of the wage adjustments provided for in the amendments to the labor agreements referred to herein and to other elements of increased costs.

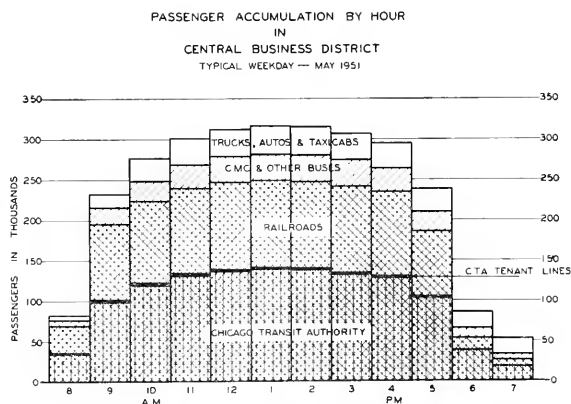
Accordingly, Chicago Transit Board held public hearings commencing July 9, 1951, and closing July 20, 1951 at which evidence both documentary and oral was offered and received and at which the official representatives of municipalities, whose residents might be affected by changes in fares, and other persons were heard and were given an opportunity to cross examine witnesses and present evidence and arguments.

The Board after consideration of these matters, on July 25, 1951, fixed temporary or interim rates which became effective at 12:01 A.M. August 1, 1951, in which the principal changes were an increase in adult fare on the surface system from fifteen cents to seventeen cents for local lines, the adult fare on express bus lines being increased from seventeen cents to eighteen cents; an increase in adult fare on the rapid transit system from seventeen cents to eighteen cents; an increase from seven cents to eight cents for child fare or school child fares; and an increase from twenty cents to twenty-five cents for through rides on the rapid transit system between the middle zone and either the north zone or west zone. These fares are described in further detail in a tabulation which is appended to this report.

The fare ordinance of July 25, 1951 was adopted for the purpose of establishing temporary or interim rates, fares or charges to be effective only until such time as the Board may thereafter on the basis of the evidence theretofore presented and the proceedings pending before and held under consideration by the Board, fix other rates, fares and charges.

On October 4, 1951, the Board passed an ordinance authorizing the sale of a weekly zone pass ticket at \$1.25 good for payment of fare on the vehicles of the surface system within the downtown territory bounded by Roosevelt Road, Clinton Street, Grand Avenue and Lake Michigan. The use of this pass became effective October 30, 1951. It does not entitle the

Mass Transit in Various Forms Brings The Greater Portion of the Daylight Population to the Central Business District Every Weekday



user to a transfer and is not good on express buses. On normal weeks in December the pass was selling at the rate of about 2500 per week.

At the time the interim fare ordinance became effective on August 1, 1951, the adult fare on the Chicago Motor Coach system was thirteen cents. The ordinance provided that transfers would be offered by Chicago Transit Authority to full fare passengers for acceptance by Motor Coach, and that transfers issued by Motor Coach would be accepted by the Authority for use on the surface system on payment of four cents; for use on express buses and in the middle zone of the rapid transit system on payment of five cents; and for use in connection with two-zone through rides on the rapid transit system on payment of twelve cents. Effective November 8, 1951, when Chicago Motor Coach fares were increased from thirteen to fifteen cents, each of the above charges was reduced two cents by action of the Board.

Wage Agreements

On July 25, 1951, an agreement was made and executed by and between Chicago Transit Authority and Division 241 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America. This agreement followed a memorandum of understanding dated June 22, 1951, with respect to changes in the existing agreement between the Authority and the labor organization to become effective after approval by the membership of Division 241 and by Chicago Transit Board. Similar agreements were made with other labor organizations.

The principal amendments to the prior agreements are reviewed herein. The hourly wage rates and monthly salaries of employes covered by the agreement were increased seven cents per hour beginning August 1, 1951, with an additional three cents per hour beginning January 1, 1952, and an additional four cents per hour beginning June 1, 1952.

Special increases to employes classified as Car and Bus repairers Class "A" and Class "B" were also made effective on August 1, 1951.

In addition to the general increase in basic rates and the special increases, a cost of living allowance was agreed to providing for adjustment in each quarter of the year using the May 15, 1951, Consumers' Price Index for Moderate Income Families for Chicago as the base index in each case.

Provisions were also made clarifying the computation of weekly overtime in connection with holiday allowances. Vacation allowances, vacation eligibility and other matters relating thereto were also determined.

The cost of living allowance resulted in a one cent increase in hourly wage rates effective in the first pay period of October 1951, and a three cent increase in the first pay period of January, 1952. (This was decreased by two cents in April, 1952.)

These agreements run to May 31, 1953. The total increases to and including June 1, 1952, excluding cost of living increases, therefore total fourteen cents per hour at a cost to the Authority of approximately \$6,500,000 per year.

Retirement Plan

In accordance with the Retirement Plan which was effective June 1, 1949, the rate of contribution by employees increased, on June 1, 1951, from 2 per cent to 2½ per cent of their salary. The rate of contribution paid by the Authority increased from 4 per cent to 5 per cent.

The total payments made by the employees in 1951 were \$1,688,277, while the Authority contributed \$3,344,789. There were 3,875 retired employees as of December 31, 1951. The total payments to retired employees, their beneficiaries, and as refunds to employees leaving the service, during 1951, were \$4,340,861.

Insurance

Group life, sickness and accident and hospitalization insurance continued to be furnished free to the employees by Chicago Transit Authority. The total cost of premiums for this insurance for the year amounted to \$892,000. During the year employees were also offered the right of taking additional hospital insurance for themselves and their dependents through payroll deductions.

The total fire insurance coverage at the end of the year was \$106,041,500. Of this, \$18,423,250 was carried on superior risk properties and \$87,618,250 on ordinary risk properties. The latter included coverage for the new equipment which was insured in the name of the Trustee for the equipment in accordance with the Equipment Trust under which each piece of equipment was purchased.

The Authority also carries other forms of insurance which are considered necessary, such as public liability insurance, financial risk insurance and boiler and pressure vessel insurance.



New Aids to Improve Fare Collection Are Used Experimentally.

Litigation

During the year 1951 the Law Department conducted several litigations of unusual importance to Chicago Transit Authority.

The so-called *Lustfield Case*, decided by the Illinois Supreme Court, sustained the power of the Authority to operate buses in interurban service on the public highways without securing consent of the municipalities through which the buses are operated. The decision also established that the Authority is not bound by the covenants and conditions contained in the various contract ordinances between municipalities and the public utility companies which formerly operated the elevated facilities. Following the precedent established in the *Lustfield* decision, the Circuit Court of Cook County denied injunctions sought by the City of Berwyn and Village of Westchester to prevent suspension of rail service and substitution of motor buses on the outer ends of the Douglas Park and Garfield Park lines.

During the summer five suits were brought for the purpose of preventing the Transit Authority from changing rates. All were unsuccessful. Several were instituted with reference to the intersystem transfers. Chicago Motor Coach Company brought a suit claiming that by continuing the transfer privilege the Transit Authority had incurred a liability to pay Chicago Motor Coach Company approximately \$1,700,000. The Authority denies any liability. Following the institution of that suit, the Transit Authority adopted amending ordinances to eliminate any possible basis of claim that further liability was being incurred. Two suits to enjoin the



Preparing for Madison Street Traffic During Construction of Wacker Drive Extension.

amendments were brought. The amending ordinances were held valid and motions for temporary injunctions were denied. Chicago Motor Coach Company also sought by proceedings before the Illinois Commerce Commission to avoid the effect of the amendments, but those efforts also were unsuccessful.

Chicago Motor Coach Company brought suit to enjoin the Transit Authority from extending the Austin Avenue motor bus route of the Authority south from its present terminal at North Avenue to a new terminal at Roosevelt Road. The trial court issued a temporary injunction, which the Appellate Court vacated. The Appellate Court rendered an opinion which settled a number of questions in favor of Chicago Transit Authority. It held that without local consent Chicago Transit Authority may install interurban bus service and is free to do local business, provided the local traffic is incident to the interurban service. It also held that a certificate of public convenience and necessity held by Chicago Motor Coach Company did not have the effect of excluding the Transit Authority from operating on the same street, saying that to permit the existence of a small local transportation system to obstruct the development of the Authority's broad transit plan, would be to disregard the purposes of the Transit Authority Act. The Appellate Court also held that action taken by the Board without public hearing was nevertheless valid. The Supreme Court of Illinois denied a petition for leave to appeal from the Appellate Court decision.

Chicago Motor Coach Company has applied to the Illinois Commerce Commission for a certificate of convenience and necessity to operate on various streets upon which Chicago Transit Authority is now operating or authorized to operate. Chicago Transit Authority is opposing the application upon the grounds that under the "Little Home Rule Act" the Commission has no power to act on the application and that Chicago Transit Authority has exclusive rights granted by the City of Chicago to use these streets for a term of fifty years.

As the result of inability to reach an agreement with the 79 W. Monroe Building Corporation upon the terms for occupying space in that building during the delay in moving to the Merchandise Mart, substantially all of the space previously occupied in the 79 Monroe Building was vacated. To obtain the right to occupy, temporarily, space for switchboard, radio and other facilities which could not immediately be moved, the Authority sued to condemn a temporary right of occupancy. The 79 Monroe Building Corporation is contesting the right to maintain the action, and takes the position that the Authority became liable to pay full rent under the lease. This matter is pending and undecided in the Circuit Court of Cook County.

Public Information

The Department of Public Information exercises general supervision over public and press relations, publicity, advertising, promotional projects, and revenue-producing contracts covering concessions and commercial advertising on CTA vehicles and properties. Added to the department's responsibilities during 1951 was the direction of an expanded Charter Service sale program.

In its *press relations* the Authority continued throughout 1951, to use all available channels of communication to keep the CTA story before the public. News items relating to the arrival

of new equipment, changes in service and fares, establishment of new terminals, and many other operating and financial matters, were released regularly to metropolitan dailies, community and foreign language newspapers, news agencies, radio and television stations, trade publications, and interested investment organizations. The Authority supplies on request specific information concerning CTA's operations and activities to reporters, editorial writers, radio-television commentators, and other news-gathering agencies.

In its *advertising-promotion* the Authority utilized paid newspaper advertising, leaflets, map folders, car cards, posters, vehicle window stickers, banner signs, and "take-one" folders to keep riders abreast of CTA operating changes and problems and to promote increased riding.

More than 200,000 copies of a CTA system map and information folder were distributed to Chicago residents and visitors and work has been started on a new 1952 edition.

Also popular with visitors to the city is the SEE CHICAGO BY CTA leaflet, published annually, about 50,000 copies of which were used during 1951. Distribution of both of these folders is made through rapid transit stations, travel and information bureaus, department stores, rail, bus and airline terminals, libraries, hotels, etc.

As an additional public service, pocket timetables carrying full operating schedules of many bus lines and "owl" schedules of various additional routes are distributed to riders.

In its *community relations* the Authority serves as a "good neighbor" to a wide variety of community, civic, charitable and patriotic organizations. Advertising space in CTA vehicles and on rapid transit properties is made available without charge:

- a. To promote events and money-raising campaigns conducted by such groups as the Red Cross, Heart Association, Community Fund, Cancer Society, Shrine Hospital for Crippled Children, Easter Seals, Christmas Seals, and many others.
- b. To publicize recruiting drives of the armed forces and encourage the sale of government bonds.
- c. To direct attention to public recreational facilities in the public parks and forest preserves and to various civic-sponsored traffic, safety and clean-up drives.

Safety posters are distributed every six weeks to all public and parochial elementary and high schools. The Authority has closely cooperated with the recently established Citizens Traffic Safety Board. Money raising campaigns for the Red Cross and the Community Fund are conducted among the CTA employees annually. CTA participated in community celebrations attending the inauguration of new or improved transit operations. CTA representatives were also assigned to appear before local organizations to speak on transit matters.

Income from *advertising franchise* and the various *concession* activities for the years 1951 and 1950 were as follows:

Item	Year	
	1951	1950
Advertising Display	\$864,549	\$825,144
Newsstands	74,315	75,777
Soft Drink Vending Machines	27,814	31,262
Candy, Gum and Nuts Vending Machines	56,725	53,315
Parcel Lockers	4,874	5,053



The Management Authorized an Increased Emphasis on Charter Service.

During the year a contract was awarded to Chicago Transferads covering rights to the sale of advertising on the backs of CTA transfers. After a promotional campaign, sales of this space to advertisers were started late in the year, and it is hoped that for 1952 and later years a substantial income will be obtained from this source. A feature of this medium is "A Smile A Day," a daily humorous quip printed at one end of the transfer for enhancing readership of the commercial advertising.

A plan for operation of small vending machines in passenger equipment was formulated during the year. This plan provides for the installation of a number of machines in each unit of passenger equipment adaptable thereto, and a test operation is scheduled for early 1952 on the 63rd Street line.

An increased emphasis on *Charter Service* was authorized by the management during the fall of 1951. Accordingly, a Sales Manager, Charter Service, was added to the Public Information Department and procedures formulated for administering this service in larger volume.

An extensive promotional campaign was carried out for charter service by means of advertising in community newspapers, direct mail, car cards, and traveling displays. This campaign was started during the month of September and the response was prompt and encouraging. The total sales of charter service for the year were \$35,462 of which \$22,890 was billed for the four months, September through December. The total volume for the year 1950 was \$13,252.

To serve its *customers*, the Authority processes a large number of written and telephone requests for general information, as well as for printed material relating to Chicago Transit Authority service, history and corporate structure.

Written and verbal communications received from the public relative to CTA service and facilities are promptly and thoroughly investigated and answered through the Service Section. The volume of public contact established through this activity averages a total of about nine hundred letters, telephone calls and personal visits monthly.

To help transportation *employees* provide proper information to the riding public, there was compiled and published a pocket size "Employees' Street Guide and Directory" during the summer of 1951. In addition to a listing of all streets in Chicago and suburban communities served by CTA, the directory includes data regarding points of interest, CTA transfer regulations and "Owl" service schedules, and the location of police stations, hospitals and rail and bus terminals.

The Authority's employe magazine—CTA TRANSIT NEWS—won two awards for excellence during 1951 in competition with house organs issued by transit companies of the nation and entered in the annual contest sponsored by the industry trade publication MASS TRANSPORTATION.

The CTA magazine was designated best in its class and was also named grand prize winner as the outstanding employe publication in the transit industry for 1951.

Awards include an individual trophy for permanent possession by the magazine's editor, Mr. William M. Howlett, and the MASS TRANSPORTATION national award which CTA will be privileged to display throughout the year 1952.

TRANSIT NEWS, prepared in the Public Information Department, was mailed monthly to the homes of all CTA employes during 1951 to keep them and members of their families advised of the organization's activities and policies. Constant emphasis is placed upon the importance of courtesy and safety in transit operations. During 1952, the magazine will be issued on a bi-monthly basis.



Congress Street Superhighway Program Required CTA Track Reconstruction.

Management and Personnel

Chicago Transit Board

There was no appointment of a member for the remainder of the term expiring September 1, 1951, which became vacant by reason of the death of Mr. Irvin L. Porter, on December 24, 1950.

The vacancy in the Board membership was filled when, in December, 1951 Mr. John Holmes was appointed a member of the Board for the term expiring September 1, 1958, by Honorable Martin H. Kennelly, Mayor of Chicago. Confirmation of the appointment was carried over into 1952. (The consent of the City Council was given on January 10, 1952. Thereafter the approval of Honorable Adlai E. Stevenson, Governor of Illinois, was given and the appointment was made effective by Mr. Holmes filing his oath of office on January 22, 1952, with the Secretary of State of the State of Illinois.) Mr. Holmes is president of Swift and Company.

The Board held 42 meetings for the transaction of business in 1951. It held lengthy hearings on fare matters in July and had frequent public hearings on service matters, held either by the entire Board or its service committee. There were 13 such public hearing sessions. There were also 15 formal committee meetings and many informal conferences on policy matters held during the year.

Personnel

Mr. Werner W. Schroeder, who had been General Attorney since the organization of the Authority, resigned and was succeeded by Mr. Thomas C. Strachan, Jr. Mr. Evan J. McIlraith retired as Manager of Maintenance and Planning and this position was discontinued. Thereupon, General Manager, Walter J. McCarter, assumed direct supervision over the Electrical, Equipment, Staff Engineering and Way and Structure Departments.

Appointments during the year included that of Mr. E. D. Ehrlich as Sales Manager of the enlarged charter service. Mr. A. F. Stahl was appointed Supervisor of the Employment Department. Changes in the Accounting Department included the appointment of Mr. J. H. Finch as Assistant Comptroller and Mr. A. C. Jann as General Accountant. Mr. E. M. Raftery was appointed Superintendent of Maintenance of Way and Structure for the rapid transit system. Mr. T. B. O'Connor was appointed Acting Superintendent of Transportation, effective January 1, 1952.

While the employment departments of the two predecessor companies were combined soon after the Authority began operation of these properties, further improvements in methods were adopted from time to time and the Employment, Job Classification, Accident Prevention and Training Departments are now closely correlated.

Since job classification has been established all changes in salary or position are checked by that department and certified by the General Manager's office. The job classification plan is thereby used as a means of payroll control. A comprehensive and unified system of personnel records will be completed upon the consolidation of offices in the Merchandise Mart building.

Employment procedures have been patterned after modern scientific techniques currently in use by other large organizations.

The Training Department activities relate not only to breaking in of new employes but also to retraining and special training for major operational changes, fare structure revisions, new equipment and other related programs.

The activities of the Accident Prevention Department are divided into two major areas—promoting passenger and traffic safety and accident prevention work to promote industrial safety. Changes are continuously being made to eliminate possible hazardous conditions many of which are the result of the pressure of increasing traffic congestion.

During the year "Honor Roll" certificates were presented to 5038 trainmen who had completed twelve consecutive months of operation without a preventable accident.

Ten "Bronze Certificate" awards were won by various departments in the contest sponsored by the American Transit Association. These awards were given to employe groups achieving 250,000 consecutive man-hours without a lost time accident.

In a Commercial Fleet Contest and an Industrial Accident Contest, sponsored by the Greater Chicago Safety Council, CTA groups won eight awards in recognition for reduction in the number of accidents.



Subways Prove Popular as a Means of Entering Central Business District.

During the year 3,577 persons left the service of the Authority, of which 804 were retired on pension or disability. 1,847 new employees entered service. At the close of the year there were 17,867 persons employed by the Authority or 1,730 less than a year ago. This compares with 22,050 employees on October 1, 1947 when the Authority began operation.

Planning for 1952

At October 1, 1952 five years will have passed since the Authority began its function as an actual operator of the transit system. At September 1, 1952 the term of every Board member originally appointed will have expired. While some members have been reappointed, a majority of the original members no longer serve because of death, resignation or expiration of term and new appointments have been made. However, the continuity has been maintained. In all, this year will be a special period of stock-taking. This is further emphasized by the fact that a large program of new equipment deliveries will have been completed, and means for financing additional improvements must be secured.

The delivery of 159 new trolley buses in 1952 will complete the delivery of the units for which most of the financing was arranged in 1950. A considerable number of additional new equipment units should be acquired at an early date. While, by the middle of the year, there will be but 250 old type streetcars in daily operation they should soon be replaced. About 500 new rapid transit cars would be a desirable acquisition from the standpoint of improvement of service and economy of operation.

Additional storage and servicing facilities for the new type vehicles are highly desirable. The acquisition of these and other improvements for the convenience and comfort of patrons will be met to the fullest extent possible.

Manpower shortages are expected to persist and the installation of a number of items may be delayed by the additional time required to secure certain materials, due to meeting the requirements of National Production Authority.

Basic costs have been rising at a faster rate than it has been possible to effect operating economies. The Board will make every effort to meet its obligation to render good service on the basis of requisite economy.

The Board calls attention to the fact that the automobile, the principal competitor to the Authority's service and a useful and necessary means of transportation, must be further controlled so as not to hamper mass transportation on which so many persons are dependent. This is a nation-wide problem. In all cities local transit is forced to operate on an uneconomic basis because of loss of off-peak riding to the automobile and its surface equipment is slowed down by the vehicles used or parked by relatively few persons.

An important part of our future planning relates to rapid transit. For the West Route Superhighway, commonly called the Congress Street Superhighway, which is now under construction, Chicago Transit Authority has given up its rapid transit right-of-way in the superhighway area in exchange for which the City of Chicago and other governmental bodies have agreed to provide a median strip for a new rapid transit route in open cut from approximately Halsted Street to S. Lotus Avenue, which is near S. Laramie Avenue. The City has also agreed to provide a

subway from Halsted Street to a connection with the Milwaukee Avenue Subway near the Chicago River. The City will also provide track and other transportation equipment, except cars, for this subway and median strip. The cost of the transportation equipment will be repaid by the Authority to the City in equal monthly payments over the estimated service life of the properties installed. For use during the construction period, temporary track on the surface is being installed by the City from approximately S. Sacramento Boulevard to S. Racine Avenue to permit the Garfield Park rapid transit service to be maintained.

The prospect of early construction of the subway connection and installation of transportation equipment therein and in the median strip became more nearly assured when, on April 16, 1952, the City Council of the City of Chicago approved the issuing of \$25,000,000 in general obligation bonds for this purpose, subject to the approval of the voters at the June 2, 1952 election.

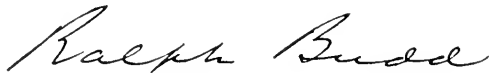
The Authority now operates over the tracks of the Chicago, Aurora & Elgin Railway west of S. Laramie Avenue to DesPlaines Avenue in Forest Park and that railway operates over the tracks of the Authority east of S. Laramie Avenue to its Wells Street terminal. The railway has a petition before the Illinois Commerce Commission requesting the abandonment of rail service maintaining, among other things, that facilities will be inadequate to operate its trains to the Wells Street terminal, particularly during the period when a portion of the right-of-way of the Authority will be on the surface. This has aggravated the problem of securing the most convenient terminal for the west end of the Authority's Garfield Park Line.

A plan was submitted by the General Manager and approved by Chicago Transit Board on April 15, 1952, subject to suitable terms and conditions, which contemplates that a right-of-way principally within the superhighway area be provided from S. Lotus Avenue to approximately the DesPlaines River or to 1st Avenue in the Village of Maywood. At this point a transfer platform would facilitate the interchange of passengers between trains of Chicago Transit Authority and trains of Chicago, Aurora & Elgin Railway. The transportation equipment, other than cars, for this right-of-way would be provided by the governmental agencies interested in the highway project subject to repayment of the cost thereof by the Authority under an arrangement similar to that which it has with the City of Chicago. This matter is now under consideration by the Highway Department of Cook County and the other interested agencies.

Acknowledgements

The Board wishes to thank the many public officials and other persons who have been helpful in its efforts for better local transportation and is especially appreciative of the public attitude of good will and the fine cooperation of its employes in giving the best service possible during the several periods of exceptionally heavy snowfall.

By Order of the Board



Chairman.

Room A-609
175 W. Jackson Boulevard
Chicago 90, Illinois
May 1, 1952

AUDITORS' CERTIFICATE

To the Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1951, and the related statements of income, of accumulated net earnings, of application of revenues and of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made a similar examination for the year ended December 31, 1950.

In our opinion, the accompanying balance sheet and related statements of income, of accumulated net earnings and of funds present fairly the financial position of Chicago Transit Authority as of December 31, 1951, and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

It is our further opinion that the accompanying statement of application of revenues presents fairly the distribution made of revenues of Chicago Transit Authority for the year ended December 31, 1951, and was prepared in accordance with the provisions of the Trust Agreement securing the Series of 1947 Revenue Bonds.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 14, 1952.

	Assets	December 31	
		1951	1950
Transportation Property, at cost		\$125,698,532	\$111,687,711
Reserve for Depreciation		18,198,112	15,586,265
		<u>\$107,500,420</u>	<u>\$96,101,446</u>
Special Funds:			
Cash and U. S. Government Securities			
(see accompanying statement of funds):			
Under control of Revenue Bond Trustee—			
Transit revenue	\$ —	\$ —	
Series of 1947 Revenue Bond reserve	5,596,169		4,173,000
Depreciation reserve (\$1,760,125 minimum balance re-			
quired by Equipment Trust Agreements at December			
31, 1951)	2,195,639		1,016,864
Operating expense reserve	588,736		588,736
Special modernization	—		172,178
Modernization	20,280		127,684
	<u>\$8,400,824</u>		<u>\$6,078,462</u>
Under control of Equipment Trustees (for purchase of			
equipment)	1,690,216		15,951,163
Damage reserve	1,915,134		2,065,023
	<u>\$ 12,006,174</u>		<u>\$ 24,094,648</u>
Current Assets:			
Cash and U. S. Government securities			
(see accompanying statement of funds):			
Working cash (including \$5,000,000 provided from Revenue			
Bond proceeds)	\$ 10,917,996		\$ 10,688,090
Deposit for payment of Revenue Bond interest.	1,908,020		1,908,020
Deposits for payment of interest on Equipment Trust			
Certificates	254,931		275,770
Municipal compensation fund	—		862,330
	<u>\$ 13,080,947</u>		<u>\$ 13,734,210</u>
Accounts receivable	501,401		745,042
Materials and supplies, at average cost	7,393,429		7,315,041
Prepayments and other current assets	725,144		987,899
	<u>\$ 21,700,921</u>		<u>\$ 22,782,192</u>
Deferred Charges	\$ 108,217		\$ 153,971
	<u>\$141,315,732</u>		<u>\$143,132,257</u>

NOTE: Commitments for the purchase of revenue equipment to be paid from funds on deposit with Equipment Trustees aggregated approximately \$1,690,000 at December 31, 1951. Other modernization commitments approximated \$1,710,000, of which \$1,260,000 represented amounts for the purchase of revenue equipment which is to be financed with Equipment Trust Certificates in 1952.

COMPARATIVE BALANCE SHEETS

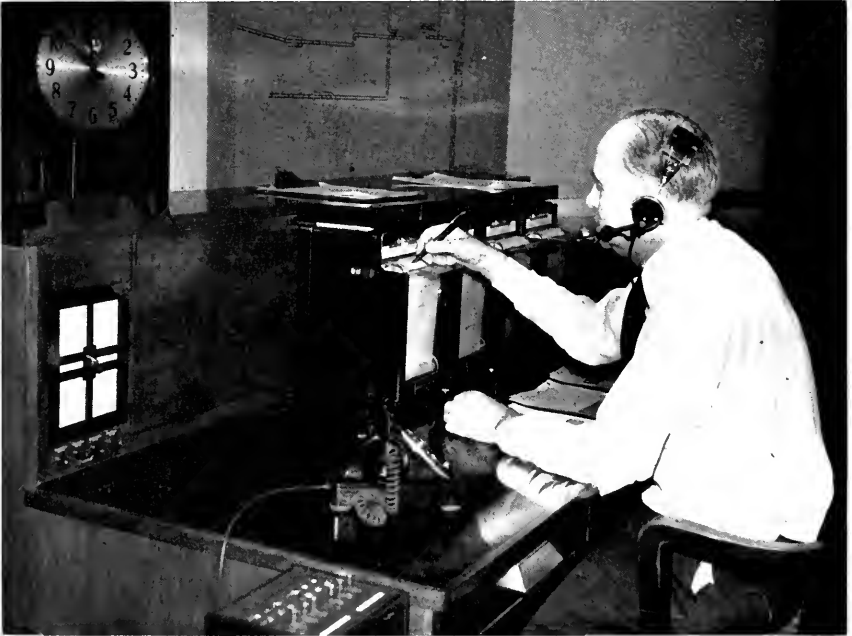
	December 31	
	1951	1950
Liabilities		
Long-Term Debt (see accompanying statement):		
Revenue Bonds, Series of 1947.	\$105,000,000	\$105,000,000
Equipment Trust Certificates, after deducting cash of \$2,310,052 and \$1,084,845, respectively, held by Trustees for payment	12,123,948	13,915,155
	<u>\$117,123,948</u>	<u>\$118,915,155</u>
Accumulated Net Earnings (see accompanying statement):		
Portion allocated in accordance with Revenue Bond Trust Agreement for—		
Debt service requirements	\$ 5,596,169	\$ 4,173,000
Operating expense reserve	588,736	588,736
Modernization.	120,085	116,320
Other	61,369	—
Deficiency representing depreciation for which cash was not available for deposit with Trustee	(61,778)	—
	<u>\$ 6,304,581</u>	<u>\$ 4,878,056</u>
Accumulated interest on Equipment Trust Certificates paid from Depreciation Reserve Fund	(822,473)	(226,082)
	<u>\$ 5,482,108</u>	<u>\$ 4,651,974</u>
Current Liabilities:		
Accounts payable	\$ 4,345,746	\$ 4,066,912
Accrued wages	2,827,227	3,431,420
Accrued interest on Revenue Bonds	1,908,020	1,908,020
Accrued interest on Equipment Trust Certificates	254,931	275,770
Accrued municipal compensation.	—	862,330
Unredeemed tickets and tokens	144,322	62,819
	<u>\$ 9,480,246</u>	<u>\$ 10,607,271</u>
Deferred Liability (for repaving of abandoned right of way)	\$ 1,555,416	\$ 1,133,953
Damage Reserve	7,674,014	7,823,904
	<u>\$141,315,732</u>	<u>\$143,132,257</u>

() Denotes deduction.



New Electrically Operated Line Supervision Control System for Regular and Efficient Rapid Transit Service

SEE INSIDE PAGES FOR
STATEMENT
OF LONG-TERM DEBT



New Electrically Operated Line Supervision Control System for Regular and Efficient Rapid Transit Service

CHICAGO TRANSIT AUTHORITY
Statement of Long-Term Debt

December 31, 1951

Equipment Trust Certificates															
Revenue Bonds, Series of 1917				Total Equipment Trust Certificates		Series A		Series B				Series C (Note 4)			
								Class 1		Class 2 (Note 3)		Class 1		Class 2 (Note 3)	
Interest Rate	Amount			Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
Principal Amount by Year of Maturity:															
1952	—	\$	—		\$ 2,692,000	1%	\$ 1,860,000	3 1/2-4%	\$ 415,000	5%	\$ 287,000	5%	\$ 44,000	5%	\$ 46,000
1953	3 1/2%		1,000,000		2,851,000	1	1,940,000	3 1/4	165,000	5	299,000	3 1/4-4	91,000	5	59,000
1954	3 1/4		1,800,000		2,978,000	1	2,020,000	3 1/4	190,000	5	311,000	3 1/4	96,000	5	61,000
1955	3 1/4		2,400,000		2,942,000	1	2,100,000	3 1/4	515,000	5	160,000	3 1/4	102,000	5	65,000
1956	3 1/4		2,800,000		2,857,000	1	2,180,000	3 1/2	537,000	—	—	3 1/2	106,000	5	34,000
1957	3 1/4		3,000,000		111,000	—	—	—	—	—	—	3 1/2	111,000	—	—
1958-1961	3 1/4		8,000,000		—	—	—	—	—	—	—	—	—	—	—
1962-1965	3 1/2		8,000,000		—	—	—	—	—	—	—	—	—	—	—
1966-1972	3 3/4		13,000,000		—	—	—	—	—	—	—	—	—	—	—
1973	3 1/4		65,000,000		—	—	—	—	—	—	—	—	—	—	—
Total outstanding			\$105,000,000		\$14,431,000		\$10,100,000		\$2,452,000		\$1,057,000		\$550,000		\$275,000
LESS—Cash held by Trustees for payment of principal (deducted from long-term debt in accompanying balance sheet)															
			—		2,310,052		1,833,000		344,413		71,000		38,506		23,333
LONG-TERM DEBT per balance sheet			\$105,000,000		\$12,123,948		\$ 8,267,000		\$2,107,587		\$ 986,000		\$511,694		\$251,667
OTHER DATA WITH RESPECT TO LONG-TERM DEBT:															
Series for 1917 Revenue Bond Reserve Fund, classified as a special fund in balance sheet (Note 1)			\$ 5,596,169												
Deposits with Trustees (exclusive of interest) required in 1952, Notes 1 and 2			\$ 1,303,831		\$ 2,789,354		\$ 1,901,000		\$ 148,008		\$ 290,000		\$ 92,882		\$ 56,833
Collateral at December 31, 1951:															
Equipment held in name of Trustees (at contract cost)—						Series A		Series B				Series C			
47 propane buses						\$ 8,193,218		\$ —				\$ —			
200 elevated-subway cars						7,671,119									
77 trolley buses								2,952,951							
51 propane buses															
U.S. and U.S. Government securities held by Trustees pending delivery of the following equipment—															
4 trolley buses						652,663									
1 trolley bus								1,047,049							
Unpledged cash held by Trustee												10,504			
					\$16,500,000				\$4,000,000				\$825,088		

1. Under the provisions of the Trust Agreement securing the Revenue Bonds the Authority is required to make monthly deposits of \$197,000 to its Revenue Bond Reserve Fund until such fund aggregates \$6,000,000, beginning July 1, 1952, and thereafter is required to make monthly deposits to cover principal payments on Revenue Bonds due within one year, and to retire on July 1, 1957, also to retire monthly sinking fund deposits.

2. The Trust Agreement requires that, so long as any Equipment Trust Certificates remain outstanding, a minimum of \$1,799,125 at December 31, 1951, shall be maintained in the Depreciation Reserve Fund. Payments of principal on all series of Equipment Trust Certificates are to be made from the Depreciation Reserve Fund, deposits to be made in such fund after requirements have been fulfilled for principal and interest on the Revenue Bonds.

3. The rights of the holders of Series B, Class 2, and Series C, Class 2, Equipment Trust Certificates are subordinate, with

respect to the availability of funds for the payment of principal and interest, to the rights of the holders of Series A, Series B, Class 1, and Series C, Class 1 certificates.

- (1) On February 29, 1952, the Authority sold \$1,760,000 principal amount of Series C Equipment Trust Certificates consisting of \$800,000 Class 1 certificates and \$960,000 Class 2 certificates. These certificates have the same interest rates as the Series C certificates which were outstanding at December 31, 1951, and mature 1953 to 1958. Deposits of \$151,264 are required in 1952 for the payment of principal on the additional issue of Series C certificates. Upon issuance of these certificates the minimum balance required to be maintained in the Depreciation Reserve Fund increases monthly to a maximum of \$1,941,052 after October 31, 1952. Equipment to be pledged as collateral consists of 71 trolley buses contracted for at December 31, 1951, at an estimated cost of \$1,270,000.

Statements of Income (See Note)

For the Years Ended December 31, 1951 and 1950

	1951	1950
Revenues	\$112,533,696	\$115,812,984
Operating Expenses:		
Operation and maintenance expenses—		
Way and structures	\$ 8,232,448	\$ 8,423,026
Equipment	13,220,034	12,958,011
Power and fuel for equipment	10,639,637	10,993,768
Conducting transportation	54,512,505	57,013,967
General (including provisions of \$5,304,270 and \$5,211,584, respectively, for damage reserve)	13,390,600	12,666,738
	\$ 99,995,224	\$102,055,510
Depreciation	7,500,000	6,500,000
Municipal compensation	—	862,330
	\$107,495,224	\$109,417,840
Net operating income	\$ 5,038,472	\$ 6,395,144
Interest Deductions:		
Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Interest on Equipment Trust Certificates	596,391	226,082
Interest earned on funds controlled by Revenue Bond Trustee	(68,561)	—
	\$ 4,344,080	\$ 4,042,332
Net income (See Note)	\$ 694,392	\$ 2,352,812

NOTE:

The above statements show the revenues, expenses and net income of the Authority for the years ended December 31, 1951 and 1950. These statements do not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statements of application of revenues.

Following is a reconciliation between the net income shown above and the final balances shown on the statements of application of revenues:

	December 31	
	1951	1950
Net income	\$ 694,392	\$ 2,352,812
Add—Income items excluded from amount available for allocation—		
Interest requirements on Equipment Trust Certificates paid from depreciation reserve fund	\$ 596,391	\$ 226,082
Interest earned on funds controlled by Revenue Bond Trustee	(68,561)	—
	\$ 527,830	\$ 226,082
Less—Portion allocated for:		
Debt service requirements (Series of 1947 Revenue Bond Reserve)	\$ 1,284,000	\$ 1,284,000
Portion of 1949 depreciation requirement not earned in that year	—	856,158
Operating expense reserve	—	438,746
	\$ 1,284,000	\$ 2,578,894
Deficiency representing depreciation for which cash was not available for deposit with Revenue Bond Trustee	\$ (61,778)	\$ —

() Denotes deduction.

Statement of Accumulated Net Earnings

For the Year Ended December 31, 1951

	Portion Allocated In Accordance With Revenue Bond Trust Agreement For—						Accumulated Interest on Equipment Trust Certificates (Note 1)
	Total	Debt Service Require- ments	Operat- ing Expense Reserve	Moderni- zation	Other (Depreci- ation Fund and Special Moderni- zation)	Unallo- cated Net Earnings	
Balance December 31, 1950 .	\$4,651,974	\$4,173,000	\$588,736	\$116,320	\$ —	\$ —	(\$226,082)
Net income for 1951, per state- ment of income	694,392	59,167(3)	—	—	9,394(3)	1,222,222	(596,391)
Allocation of net earnings for debt service requirements . .	—	1,284,000	—	—	—	(1,284,000)	—
Interest earned in prior years on U. S. Government securities held in funds under control of Revenue Bond Trustee (Note 3)	135,742	80,002	—	3,765	51,975	—	—
Balance December 31, 1951 .	<u>\$5,482,108</u>	<u>\$5,596,169</u>	<u>\$588,736</u>	<u>\$120,085</u>	<u>\$61,369</u>	<u>\$ (61,778)(2)</u>	<u>(\$822,473)</u>

() Denotes deduction.

NOTES:

- (1) Interest on Equipment Trust Certificates paid from Depreciation Reserve Fund.
- (2) Deficiency representing depreciation for which cash was not available for deposit with Trustee.
- (3) Interest earnings on investments in funds controlled by the Revenue Bond Trustee are available only for use of the fund in which such interest is received.

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)

For the Years Ended December 31, 1951 and 1950

	1951	1950
Revenues	\$112,533,696	\$115,812,984
Operation and Maintenance Expenses	99,995,224	102,055,510
	<u>\$ 12,538,472</u>	<u>\$ 13,757,474</u>
Debt Service Requirements:		
Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Series of 1947 Revenue Bond reserve	1,284,000	1,284,000
	<u>\$ 5,100,250</u>	<u>\$ 5,100,250</u>
Balance.	<u>\$ 7,438,222</u>	<u>\$ 8,657,224</u>
Other Requirements:		
Depreciation—		
Current year's requirement	\$ 7,500,000	\$ 6,500,000
Portion of 1949 requirement not earned in that year.	—	856,158
Operating expense reserve.	—	438,736
Municipal compensation	—	862,330
	<u>\$ 7,500,000</u>	<u>\$ 8,657,224</u>
Deficiency representing depreciation for which cash was not available for deposit with Trustee.	<u>\$ (61,778)</u>	<u>\$ —</u>

NOTE:—Deposits may be made in the Depreciation Reserve Fund only to the extent that monies are available therefor. The requirements for these deposits, however, are cumulative. Monthly deposits to the Operating Expense Reserve Fund, not to exceed \$75,000, may be made only from monies remaining in any one month after all deposits have been made to the Depreciation Reserve Fund. Deposits to the Municipal Compensation Fund may be made only from monies remaining in any one year after making all required deposits in the Depreciation Reserve Fund and Operating Expense Reserve Fund.

		Other Funds	
		Management Reserve	Working Cash
Balance December 31, 1967			
Classified in:			
Special fund	5,023	\$ —	
Current assets	—	10,688,090	
Reduction	—	—	
	5,023	\$ 10,688,090	
Eliminate—Fund balance December 31, 1967	58,152)		(5,188,175)
Balance December 31, 1967	6,871	\$ 5,499,915	
Add—Receipts:			
Collection of	2,336	\$ —	
Proceeds from	—	—	
Other receipts	—	—	
Transfers from	—	105,568,428	
Insurance received on	—	—	
property	—	(523,205)	
Other transfers	3,543	(5,263,543)	
	5,879	\$ 99,781,680	
Deduct—Disbursements:			
Costs and expenses	—	\$100,193,954	
Disbursements created	6,842	(920,782)	
Transfers from	—	—	
Trustees (S)	—	—	
	6,842	\$ 99,273,172	
Balance December 31, 1968	75,908	\$ 6,008,423	
Before transfer to U. S. Government	75,908	—	
Add or (Deduct):			
December contribution	—	—	
Fund transfer	—	—	
Transfers from	799,226	3,711,586	
Reimbursements paid	—	1,197,987	
	5,134	\$ 10,917,996	
Balance December 31, 1969	5,134	\$ 10,917,996	
Classified in:			
Special fund	5,134	\$ —	
Current assets	—	10,917,996	
Reduction	—	—	
	5,134	\$ 10,917,996	

() Denotes debit

NOTE (1): \$1,7

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)

For the Years Ended December 31, 1951 and 1950

	1951	1950
Revenues	\$112,533,696	\$115,812,984
Operation and Maintenance Expenses	99,995,224	102,055,510
	<u>\$ 12,538,472</u>	<u>\$ 13,757,474</u>

Debt Service Requirements:

Interest on Revenue Bonds	\$ 3,816,250	\$ 3,816,250
Series of 1947 Revenue Bond reserve	1,284,000	1,284,000
	<u>\$ 5,100,250</u>	<u>\$ 5,100,250</u>
Balance.	<u>\$ 7,438,222</u>	<u>\$ 8,657,224</u>

Other Requirements:

Depreciation—		
Current year's requirement	\$ 7,500,000	\$ 6,500,000
Portion of 1949 requirement not earned in that year.	—	856,158
Operating expense reserve.	—	438,736
Municipal compensation	—	862,330
	<u>\$ 7,500,000</u>	<u>\$ 8,657,224</u>

Deficiency representing depreciation for which cash was not available for deposit with Trustee.	<u>\$ (61,778)</u>	<u>\$ —</u>
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NOTE:—Deposits may be made in the Depreciation Reserve Fund only to the extent that monies are available therefor. The requirements for these deposits, however, are cumulative. Monthly deposits to the Operating Expense Reserve Fund, not to exceed \$75,000, may be made only from monies remaining in any one month after all deposits have been made to the Depreciation Reserve Fund. Deposits to the Municipal Compensation Fund may be made only from monies remaining in any one year after making all required deposits in the Depreciation Reserve Fund and Operating Expense Reserve Fund.

CHICAGO TRANSIT AUTHORITY

Statement of Funds

For the Year Ended December 31, 1951

	Funds Under Control of Revenue Bond Trustee								Funds Under Control of Equipment Trustee		
	Total	Transit Revenue	Series of 1947 Revenue Bond	Depreciation Reserve	Operating Expense Reserve	Municipal Compensation	Special Modernization	Modernization	(See Accompanying Statement)	Other Funds	Working Cash
			Interest	Reserve						Damage Reserve	
Balance December 31, 1950—											
Classified in accompanying balance sheet as:											
Special funds	\$ 24,994,648	\$ —	\$ —	\$4,173,000	\$1,016,864	\$588,736	\$ —	\$172,178	\$15,951,163	\$2,065,023	\$ —
Current assets	13,731,210	—	1,908,020	—	—	—	\$62,330	—	275,770	—	10,688,990
Reduction of long-term debt	1,084,815	—	—	—	—	—	—	—	1,084,815	—	—
	\$ 38,913,703	\$ —	\$1,908,020	\$4,173,000	\$1,016,864	\$588,736	\$62,330	\$172,178	\$17,311,778	\$2,065,023	\$ 10,688,990
Eliminate— Fund transfers and deposits recorded at December 31, 1950, but made after that date	(838,223)	1,137,098	—	75,649	24,223	1,791	(331,262)	176,524	—	(368,152)	(5,188,175)
	\$ 38,075,480	\$ 1,137,098	\$1,908,020	\$4,248,649	\$1,041,087	\$590,527	\$51,068	\$348,702	\$17,311,778	\$1,696,871	\$ 5,499,915
Balance December 31, 1950— After eliminating above transfers and deposits											
Add—Receipts:											
Collection of revenues	\$115,501,565	\$115,170,374	\$ 19,738	\$ —	\$ —	\$ 8,655	\$ —	\$ —	\$ 100,262	\$ 2,336	\$ —
Proceeds from sales of Equipment Trust Certificates	825,088	—	—	—	—	—	—	—	825,088	—	—
Other receipts	5,353,726	5,381,064	—	63,530	9,394	—	—	—	(100,262)	—	—
Transfers from Transit Revenue Fund	—	(118,144,129)	3,816,250	1,284,000	7,141,717	—	333,734	—	—	—	105,568,128
Insurance recoveries and net proceeds from sales of property	—	(6,328)	—	—	—	—	—	529,533	—	—	(523,205)
Other transfers (net)	—	19,738	(19,738)	—	—	—	—	—	—	5,263,543	(5,263,543)
	\$119,680,179	\$ 420,719	\$3,816,250	\$1,347,530	\$7,151,111	\$ 8,655	\$333,734	\$ 529,533	\$ 825,088	\$5,263,879	\$ 99,781,680
Deduct—Disbursements:											
Costs and expenses of operation, purchase of materials and supplies, reimbursable expenditures, etc.	\$100,193,954	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$100,193,954
Disbursements for purposes for which funds were created	50,353,359	—	3,816,250	—	2,518,755	—	802,330	334,103	1,191,028	5,456,812	(920,782)
Transfers from Revenue Bond Trustee to Equipment Trustee (see accompanying statement)	—	—	—	—	3,213,166	—	—	—	(3,213,166)	—	—
	\$150,547,313	\$ —	\$3,816,250	\$ —	\$5,731,921	\$ —	\$802,330	\$334,103	\$1,191,028	\$13,881,667	\$ 99,273,172
Balance December 31, 1951— Before transfers described below:											
Cash	\$ 17,713,907	\$ 4,557,817	\$1,908,020	\$ 162,927	\$ 716,621	\$ 27,580	\$ 2,472	\$ 14,599	\$ 100,280	\$ 3,406,800	\$ 908,459
U. S. Government securities (at cost)	9,294,139	—	—	5,433,212	1,743,656	571,593	—	—	—	948,399	597,549
	\$ 27,008,046	\$ 4,557,817	\$1,908,020	\$5,596,169	\$2,460,277(1)	\$599,182	\$ 2,472	\$ 14,599	\$ 100,280	\$ 4,255,199	\$1,505,908
Add or (Deduct):											
December collections deposited January 2, 1952	388,827	388,827	—	—	—	—	—	—	—	—	—
Fund transfers to be made after December 31, 1951—											
Transfers from Transit Revenue Fund	—	(1,946,644)	—	—	838,750	(10,416)	(2,472)	—	—	891,236	5,711,586
Reimbursement of working cash for disbursements payable from special funds	—	—	—	—	(1,103,388)	—	—	(14,599)	(80,000)	—	1,197,987
	\$ 27,397,173	\$ —	\$1,908,020	\$5,596,169	\$2,195,639	\$588,736	\$ —	\$ 20,280	\$ 4,255,199	\$1,915,134	\$ 10,917,996
Balance December 31, 1951— Classified in accompanying balance sheet as:											
Special funds	\$ 12,006,174	\$ —	\$ —	\$5,596,169	\$2,195,639	\$588,736	\$ —	\$ 20,280	\$ 1,690,216	\$1,915,134	\$ —
Current assets	13,080,917	—	1,908,020	—	—	—	—	—	254,931	—	10,917,996
Reduction of long-term debt	2,310,052	—	—	—	—	—	—	—	2,310,052	—	—
	\$ 27,397,173	\$ —	\$1,908,020	\$5,596,169	\$2,195,639	\$588,736	\$ —	\$ 20,280	\$ 4,255,199	\$1,915,134	\$ 10,917,996

Denotes deduction.

*NOTE (1) \$1,760,125 minimum balance required by Equipment Trust Agreements at December 31, 1951.



Illegally Parked Motor Vehicles Interfered with Transit Service After December Snow Storms.

SEE INSIDE PAGES FOR
STATEMENT OF FUNDS
UNDER CONTROL OF
EQUIPMENT TRUSTEES



Illegally Parked Motor Vehicles Interfered with Transit Service After December Snow Storms.

CHICAGO TRANSIT AUTHORITY

Statement of Funds Under Control of Equipment Trustees

For the Year Ended December 31, 1951

	Series A Equipment Trust Funds					Series B Equipment Trust Funds					Series C Equipment Trust Funds				
	Combined	Total	For Purchase of Equipment	For Payment of Principal	Interest	Total	For Purchase of Equipment	For Payment of Principal	For Payment of Interest	Total	For Purchase of Equipment	For Payment of Principal	For Payment of Interest	Total	
Balance December 31, 1950—															
Classified in accompanying balance sheet as:															
Special funds	\$15,951,163	\$11,951,163	\$11,951,163	\$	\$	\$1,000,000	\$1,000,000	\$	\$	\$	\$	\$	\$	\$	\$
Current assets	275,770	220,000			220,000	55,770			33,549	22,221					
Reduction of long-term debt	1,084,845	905,000		905,000		179,845		111,345	68,500						
	\$17,311,778	\$13,076,163	\$11,951,163	\$	905,000	\$220,000	\$1,235,615	\$1,000,000	\$111,345	\$	68,500	\$	33,549	\$22,221	\$
Add—Receipts:															
Proceeds from sales of Equipment Trust Certificates	\$ 825,088	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest collections on U. S. Government securities	100,262	63,715	63,715			36,547	36,547								
Interest collections transferred to Revenue Bond Trustee	(100,262)	(63,715)	(63,715)			(36,547)	(36,547)								
Transfers from Revenue Bond Trustee for payment of principal and interest on Equipment Trust Certificates	3,213,166	2,250,000		1,828,000	422,000	884,276		148,068	278,500	97,933	59,775	78,800	38,306	23,333	10,373
	\$ 4,038,251	\$ 2,250,000	\$	\$1,828,000	\$422,000	\$ 884,276	\$	\$148,068	\$278,500	\$ 97,933	\$59,775	\$603,978	\$825,088	\$38,306	\$23,333
Deduct—Disbursements:															
Payments to equipment manufacturers	\$15,086,045	\$11,318,500	\$11,318,500	\$	\$	\$2,952,951	\$2,952,951	\$	\$	\$	\$	\$814,581	\$814,581	\$	\$
Payment of principal and interest on Equipment Trust Certificates	2,008,798	1,340,000		900,000	440,000	668,798		215,000	276,000	109,014	68,784				
	\$17,094,843	\$12,658,500	\$11,318,500	\$	900,000	\$440,000	\$3,621,749	\$2,952,951	\$215,000	\$276,000	\$109,014	\$68,784	\$814,581	\$	\$
Balance December 31, 1951:															
Cash	\$ 3,306,800	\$ 2,068,742	\$ 33,742	\$1,833,000	\$202,000	\$1,148,654	\$ 697,571	\$344,413	\$ 71,000	\$ 22,468	\$13,212	\$ 89,394	\$ 10,504	\$38,306	\$10,373
U. S. Government securities (at cost)	948,399	598,921	598,921			349,478	349,478								
	\$ 4,255,199	\$ 2,667,663	\$ 632,663	\$1,833,000	\$202,000	\$1,498,132	\$1,047,049	\$344,413	\$ 71,000	\$ 22,468	\$13,212	\$ 89,394	\$ 10,504	\$38,306	\$23,333
Balance December 31, 1951—															
Classified in accompanying balance sheet as:															
Special funds	\$ 1,090,216	\$ 632,663	\$ 632,663	\$	\$	\$1,047,049	\$1,047,049	\$	\$	\$	\$	\$ 10,504	\$	\$	\$
Current assets	254,934	202,000			202,000	35,600				22,468	13,212	17,251			
Reduction of long-term debt	2,310,052	1,833,000		1,833,000		415,483		344,413	71,000			61,639	38,306	23,333	10,373
	\$ 4,255,199	\$ 2,667,663	\$ 632,663	\$1,833,000	\$202,000	\$1,498,132	\$1,047,049	\$344,413	\$ 71,000	\$ 22,468	\$13,212	\$ 89,394	\$ 10,504	\$38,306	\$23,333

Denotes deduction.

Operating Statistics

For the Year Ended December 31, 1951

	Surface System	Rapid Transit System	Combined System
Passenger and Traffic Statistics:			
Revenue Passengers	584,141,163	152,700,800	736,841,963
Revenue Vehicle Miles—			
Cars	52,929,997	43,477,631	96,407,628
Trolley Buses	11,772,694	—	11,772,694
Motor Buses	48,111,641	—	48,111,641
Total Revenue Vehicle Miles	112,814,332	43,477,631	156,291,963
Revenue per Vehicle Mile (1)	79.96c	46.95c	70.77c
Revenue Vehicle Hours—			
Cars	6,190,121	—	6,190,121
Trolley Buses	1,430,713	—	1,430,713
Motor Buses	5,519,381	—	5,519,381
Total Revenue Vehicle Hours	13,140,215	—	13,140,215
Power Statistics:			
Direct Current—Kilowatt Hours	352,701,308	205,004,629	557,705,937(2)
Average Cost per Kilowatt Hour	—	—	1.51c
Fuel Statistics:			
Gasoline—			
Gallons	9,604,553	—	9,604,553
Average Miles per Gallon	2.89	—	2.89
Diesel Fuel—			
Gallons	1,644,340	—	1,644,340
Average Miles per Gallon	4.17	—	4.17
Propane Fuel—			
Gallons	5,273,125	—	5,273,125(3)

NOTES:—(1) Passenger and Chartered Vehicle Revenues.

(2) Includes power for heating street cars, trolley buses and elevated-subway cars and some shop, terminal and operating areas, also for lighting of shops, terminal and other operating facilities.

(3) Includes propane used for servicing new equipment and training bus operators.

Revenue Equipment Owned

December 31, 1951

	On Hand Dec. 21, 1950	January 1, 1951 to December 31, 1951		On Hand Dec. 31, 1951
		Acquired	Retired	
Surface System:				
Street Cars—				
P.C.C. Cars.	682	—	—	682
Other Closed Platform	612	—	173	439
Open Platform	780	—	400	380
Total Street Cars	2,074	—	573	1,501
Buses—				
Trolley Buses.	361	190	—	551
Gas—Mechanical	407	—	12	395
Gas—Hydraulic.	489	—	—	489
Diesel—Hydraulic	136	—	—	136
Propane—Hydraulic	31	520	—	551
Total Buses	1,424	710	12	2,122
Total Surface Equipment	3,498	710	585	3,623
Rapid Transit System:				
Elevated Cars—wood and steel	944	—	118	826
Elevated—Subway Cars				
Steel, Conventional type	455	—	—	455
Metal, Articulated.	4	—	—	4
Metal, P.C.C.	100	100	—	200
Total Rapid Transit Cars	1,503	100	118	1,485
Total Revenue Equipment Owned	5,001	810	703	5,108

Mileage Owned, Leased and Operated

December 31, 1951

	Surface System	Rapid Transit System	Combined System
Track Owned or Leased:			
Owned	494.73	170.24	664.97
Leased	.36	56.90	57.26
Total Track Owned or Leased	495.09	227.14	722.23
Revenue and Non-Revenue Track or Route Mileage:			
Revenue Miles in Operation—			
Revenue Track in Operation	413.69	185.29	598.98
Trolley bus lines (Single way miles) in Operation	195.59	—	195.59
Motor bus lines (Single way miles) in Operation	884.39	—	884.39
Total Revenue Miles in Operation	1,493.67	185.29	1,678.96
Non-Revenue Miles—			
Track in yards and car houses	81.40(1)	41.85(2)	123.25
Connecting and storage bus lines	7.23	—	7.23
Total Non-Revenue Miles	88.63	41.85	130.48
TOTAL	1,582.30	227.14	1,809.44

Notes.

(1) Includes 37.56 miles Service Tracks on streets used by Work Cars, Pull-in and Pull-out Cars, Emergencies, etc.

(2) Includes 12.75 miles Main Line Storage Track.

Statement of Transportation Property and Organization Expense

Showing Balance at December 31, 1950, Plus Additions and Less Retirements

During Year 1951 and Balance at December 31, 1951

	Balance Dec. 31, 1950	Plus Gross Additions	Less Retirements	Balance Dec. 31, 1951
Land	\$ 8,589,537.87	\$ 245,679.81*	—	\$ 8,343,858.06
Track and Paving	23,494,542.83	467,324.28	\$3,157,337.01	20,804,530.10
Machinery and Tools	2,147,542.86	373,873.23	12,554.00	2,508,862.09
Electric Line Equipment	9,054,962.21	785,612.99	916,064.22	8,924,510.98
Buildings	14,217,445.23	919,697.40	11,600.06*	15,148,742.69
Cars	24,415,749.24	3,618,429.29	319,600.00	27,714,578.53
Buses	18,631,673.17	11,814,626.82	2,444.16	30,443,855.83
Work Trucks, Autos, and Service Equipment	983,128.81	35,596.37	26,340.65	992,384.53
Furniture	533,810.31	84,185.04	—	617,995.35
Signals and Interlocking	355,014.38	36,737.64	136.19	391,615.83
Crossings, Fences and Signs	200,603.94	3,997.04	405.80	204,195.18
Elevated Structures	5,991,289.59	60,824.74	13,640.25	6,038,474.08
Substation Equipment	1,633,830.89	60,097.17	—	1,693,928.06
Telephone and Communications	149,839.51	58,764.69	4,454.21	204,149.99
Engineering	46,479.24	143.39	—	46,622.63
General and Miscellaneous	1,156,944.80	377,967.20	—	1,534,912.00
Total Transportation Property	111,602,394.88	18,452,197.48	4,441,376.43	125,613,215.93
Organization Expense	85,316.39	—	—	85,316.39
Total	\$111,687,711.27	\$18,452,197.48	\$4,441,376.43	\$125,698,532.32

*Denotes Deduction

Rates of Fare

In Effect During the Year 1951

	In Effect to and Including July 31, 1951	In Effect On and After August 1, 1951
Fares Applicable to:		
Surface Routes		
Adult—General	15¢(a)	17¢
Adult—Express	17¢	18¢
Children and School	7¢	8¢
Weekly—Downtown Zone Pass	—	\$1.25(b)

Rapid Transit

Adult

Middle Zone (c)	17¢	18¢
North or West Zone (d)	15¢	17¢
Two zone through	20¢	25¢

Children and School

Middle Zone (c)	7¢	8¢
North or West Zone (d)	7¢	8¢

(a) 10¢ non-transfer rides were permitted on several downtown special rush hour routes.

(b) Downtown weekly zone pass became effective October 30, 1951. This pass is good for non-transfer rides when presented on surface system vehicles (except express buses) in the area bounded by Roosevelt Road, Clinton Street, Grand Avenue and Lake Michigan.

(c) Middle Zone includes all rapid transit service in the city of Chicago and between Chicago and Oak Park, Forest Park, Cicero and Berwyn.

(d) North Zone includes rapid transit service from Howard Street north, and between Evanston, Wilmette and Skokie, including Skokie bus.

West Zone includes rapid transit service from DesPlaines Avenue west, and between Maywood, Bellwood and Westchester.

Transfers are made from Surface Routes to Rapid Transit on payment of a 1-cent charge for adult passengers. There is no charge for children's transfers. Transfers from Rapid Transit to Surface Routes are made without additional charge. Children's fares apply to passenger (1) under 12 years of age; (2) school children 12 years of age or over presenting proper identification card; and (3) children under 7 years of age when not accompanied by an adult fare paying passenger. Children under 7 years of age when accompanied by an adult fare paying passenger are carried free.

Transfers for adult fare paying passengers are interchanged between the lines of Chicago Transit Authority and Chicago Motor Coach Company. The fare on the Motor Coach system is now 15 cents and was 13 cents prior to November 8, 1951. For Motor Coach transfers to Rapid Transit stations or to express buses three cents additional is now charged by the Authority for Middle Zone Rides and 10 cents additional for Rapid Transit Two-Zone through rides. Two cents additional is charged by the Authority for transfers to the Surface System from Motor Coach. Transfers are issued without charge by the Authority for acceptance by Motor Coach. There is no transfer interchange with Motor Coach for children or school fares.

December 31, 1951

SEE INSIDE PAGES FOR
MAP OF ROUTES IN SERVICE

Rates of Fare

In Effect During the Year 1951

In Effect to and Including July 31, 1951	In Effect On and After August 1, 1951
--	---

Fares Applicable to:

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Adult—General	15¢(a)	17¢
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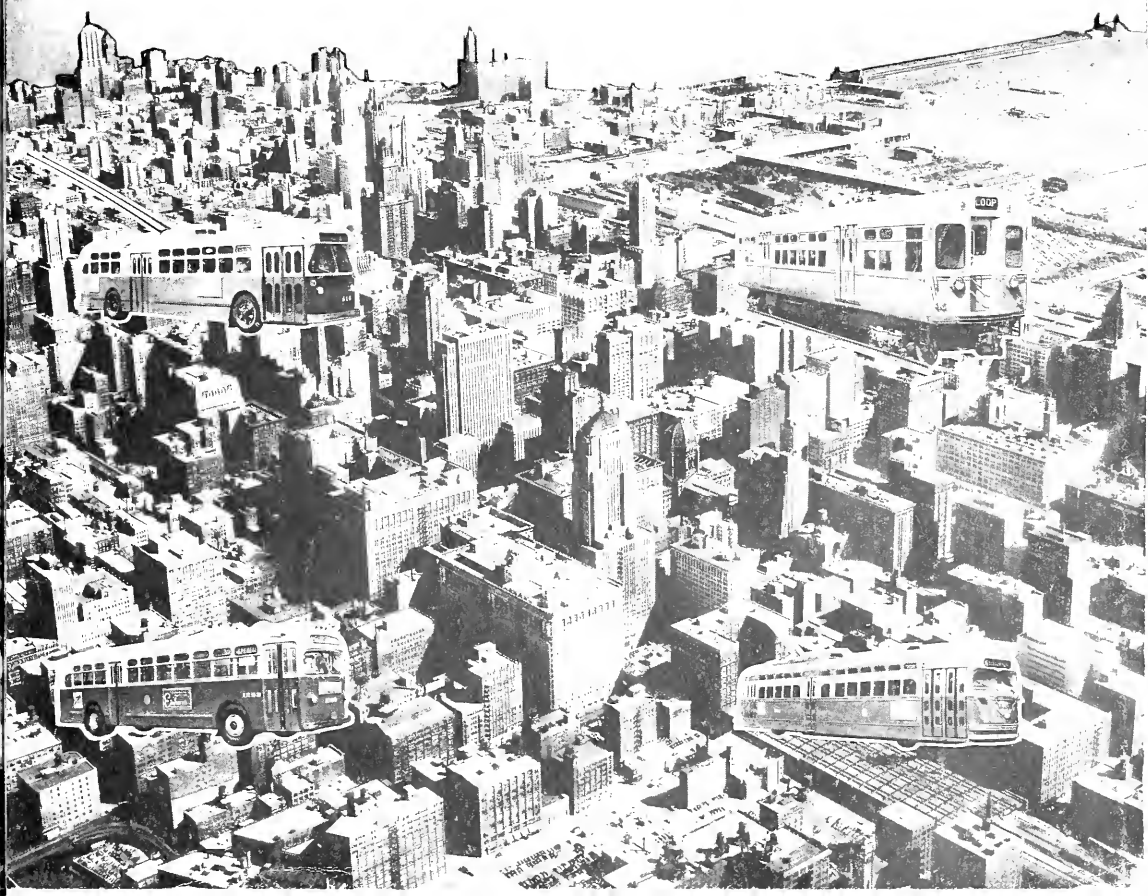
December 31, 1951

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EIGHTH AVENUE

Chicago

CHICAGO



Cover photograph courtesy of Chicago Aerial Survey Company.

Eighth Annual Report

OF CHICAGO TRANSIT BOARD

for the Fiscal Year ended December 31, 1952

MEMBERS OF THE BOARD

and Date Term Expires

Ralph Budd, *Chairman* . . . September 1, 1952*—M

William W. McKenna, *Secretary* September 1, 1953 —M

Guy A. Richardson, *Vice Chairman* September 1, 1954 —G

Philip W. Collins . . . September 1, 1955 —G

John S. Miller . . . September 1, 1956 —G

James R. Quinn . . . September 1, 1957 —M

John Holmes . . . September 1, 1958 —M

*Continues to serve until a successor has been appointed and has qualified

M—Appointed by the Mayor of the City of Chicago.

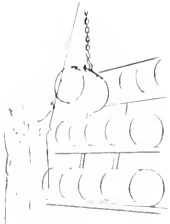
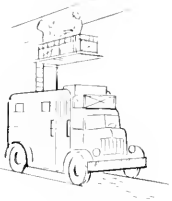
G—Appointed by the Governor of the State of Illinois.

Walter J. McCarter, *General Manager*, Thomas C. Strachan, Jr., *General Attorney*

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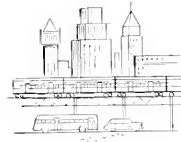
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1952 in Summary

Revenues
and
Costs

Revenues of \$117,122,567 (including the boulevard system, acquired October 1, 1952) were up \$4,588,871 from 1951. Operation and maintenance costs of \$100,716,140 included the boulevard system for the last quarter of the year and were only \$721,186 greater than 1951. \$386,530 remained available for Municipal Compensation while in 1951 revenues had fallen \$61,778 short of meeting depreciation requirements.

Revenue
Passengers
and
Miles
Operated

Revenue passengers carried in 1952 numbered 692,232,042 including 19,916,807 carried on the boulevard system in October, November and December 1952. Exclusive of the boulevard system, revenue passengers were down 64,526,728 (9.6%) from 1951. Revenue miles operated in 1952 numbered 155,291,156, including 4,347,432 on the boulevard system from October 1 to December 31, 1952, as compared with 156,291,963 operated in 1951.

Financing

Series of 1952 Revenue Bonds in the principal amount of \$23,000,000 were issued on October 1, 1952 to provide funds for acquiring the properties of the Chicago Motor Coach Company and for further modernization of the Authority's system. Other financing included the issuance of \$1,260,000 additional Series C Equipment Trust Certificates for the purchase of new equipment and \$8,400,000 principal amount of Series 1, 2 and 3 Refunding Equipment Trust Certificates issued on September 1, 1952 to refund the then outstanding Series A, B and C Equipment Trust Certificates.

Motor
Coach
Acquired

Undoubtedly the outstanding accomplishment in 1952, was the purchase of Chicago Motor Coach properties. These properties were delivered to the Authority on October 1, 1952 at 12:01 A.M. and have since been operating as the boulevard system of the Authority. The overall cost to the Authority for this purchase was \$16,477,000, which payment was made from the proceeds of the bond sale. The acquisition of Chicago Motor Coach properties resulted in disposing of the several litigations with that company, among those a suit involving rather large claims arising out of the intersystem transfer arrangement.

Bus
Substitution
Continues

The program of substituting motor buses and trolley buses for streetcar operation continued. Only 358 miles of streetcar track remained at the end of the year as compared with 414 miles at the close of 1951. Motor bus route miles increased from 884 to 942 and single-way miles of trolley bus increased from 196 to 225.

Off-street
Terminals

Additional off-street terminals were constructed, with a major project at the 54th Avenue terminal of the Douglas Park rapid transit line. At this location transfer facilities enabling passengers to move directly from buses to rapid transit trains, over the same platform, were developed. To add further convenience a parking lot for private automobiles was constructed at this area.

Rapid
Transit
Popular

The use of the rapid transit system continued to be popular. To make the modern equipment available to more persons, reassignments were made of

rapid transit cars so that all lines except Garfield Park have steel cars for week-day base, Saturday and Sunday operation. The Garfield Park line will temporarily operate on the surface during the construction of the Congress Street Superhighway in the construction area.

New Equipment Program

As an experimental study, two of the newer PCC streetcars were converted to rapid transit cars. This has been successful. It has been determined that fully modern rapid transit cars may be acquired at considerably less cost than by building a completely new car. Orders have been placed for 150 of such conversions, with the probability of 100 additional to follow. Arrangements were made for the purchase of 300 propane fueled buses which will be followed by orders for 200 additional units which may be either motor buses or trolley buses.

Housing and Servicing

The work of adapting existing car houses, shops and store houses to house and service buses in place of streetcars continued. It is contemplated that in the coming year a substantial start will be made on the construction of completely new housing and servicing facilities, for buses and trolley buses at the Elston and Armstrong location.

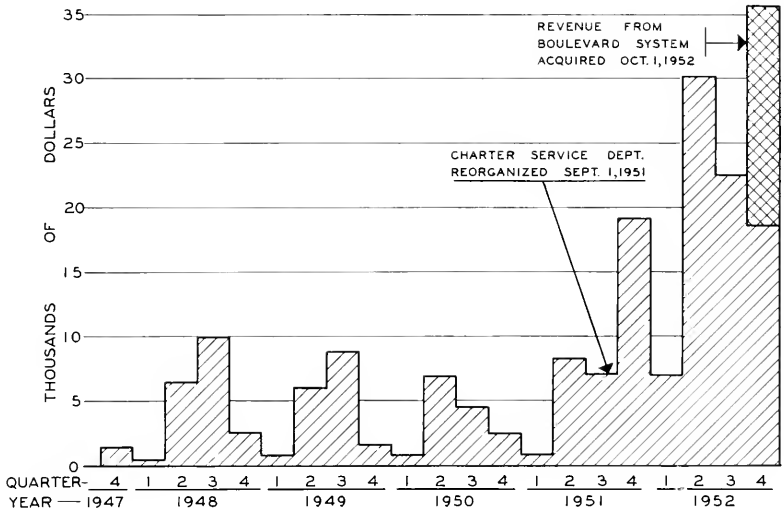
Modernization Progress

With the improvements added during the year, the total modernization program reached \$71,205,000. Of this \$3,536,710 was for new equipment in 1952.

Real Estate

Additional real estate will be up for sale in 1953, in particular the land and building at 600 W. Washington Boulevard and 1165 N. Clark Street as

REVENUES FROM CHARTER SERVICES



soon as employes therein have been transferred to the Merchandise Mart Building, General Offices, which will reach full occupancy in the spring of 1953.

Fares

On June 1, 1952, new fare rates became effective. The surface system fares then became 20c cash or 5 for 85c tokens. Rapid transit fares became 20c cash or 5 for 90c tokens. Children and school fares became 10c cash or 5 for 40c tickets. The boulevard system fares, when that property was acquired on October 1, were made the same as the surface system fares. The Authority has provided for protection and better accounting of its revenues through the use of fare boxes on all vehicles of the surface system and boulevard system.

Wages
and
Pensions

Union agreements on wages were not changed, as the existing agreements run to May 31, 1953. As of January, 1953, the maximum pay for bus drivers was \$1.90 per hour including 6 cents cost of living allowance. The retirement plan was amended and extended to December 31, 1955. The maximum contribution to the plan, effective January 1, 1954, is 3.5 per cent of the employes compensation to be made by the employes and 7.0 per cent to be made by the Authority.

Self
Insurer

The Authority has become a self insurer on fire insurance to a large extent. It carries excess liability for fire of \$1,000,000 in excess of \$500,000 on much of its property and will carry full coverage only on properties covered by equipment trust notes.

North
Shore
Agreement

A new agreement was reached with the North Shore Railway, for the joint use of facilities, whereby the payment for track use was increased from 16 cents to 22 cents per car mile. Provision was also made for segregation of passengers at certain stations to provide more equitable accounting of revenues between the two systems.

Public
Information

The Authority continued its policy of regularly informing the public of all of its activities which were of general interest. News releases were made regularly, and various forms of advertising were used with special emphasis on the use of advertising materials on Chicago Transit Authority vehicles and properties. The supplying of service information became especially pertinent with the many changes in routing caused by additional one-way streets being instituted and the construction of public improvements. The emphasis on

Charter
Service

Charter service continued and revenues from this source were \$95,011 in 1952 as compared with \$35,048 in 1951.

Accident
Frequency
Rate
Improvement

While the cost of accident settlement claims continued to be high the accident frequency rate is improving. Especially gratifying is the reduction in traffic type accidents. Organization changes included the complete separation of law activities from the claim department. The responsibility for determining claims is with the superintendent of investigation and claims. The general attorney is responsible for all suits arising out of claims and covers all questions of law.

Suggestions

An employe suggestion plan was established covering all employes of the Authority. Payments are made to employes for suggestions accepted.

Manpower Shortage

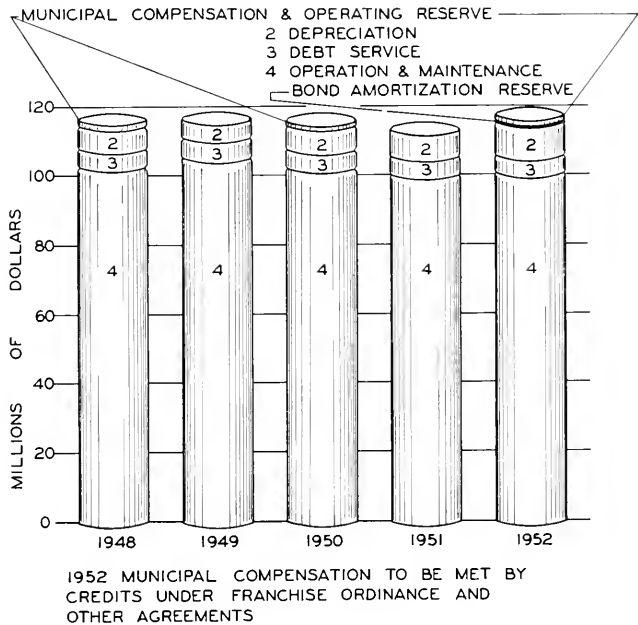
The overall man power shortage remained critical, particularly in the group of surface system operators. It has resulted in an increased cost to the Authority because of additional overtime hours required for scheduled filling of runs. Additional one-man operation has alleviated the situation somewhat but overall shortages still exist.

West Side Rapid Transit

Plans for temporary operation of West Side Elevated lines, in connection with the construction of Congress Street Superhighway, are being carried out. The operation of trains in the west side subway and median strip to Laramie Avenue is assured. The Authority now seeks an early solution to the problem of operation West of Laramie Avenue where the track is now owned by Chicago, Aurora and Elgin Railway.

Employees

The number of employes on the surface and rapid transit systems at the close of the year were 16,237 as compared with 17,867 for the previous year. The boulevard system had 1,272 employes or the total number employed by the Authority at December 31, 1952 was 17,509.

APPLICATION OF REVENUES

Financial Position and Results of Operations

Financial Statements

The financial position of the Authority at December 31, 1952 and 1951 and the results of its operations and fund transactions for the year ended December 31, 1952 are set forth in the balance sheets as of December 31, 1952 and 1951, and the related statements of income, of funds and applications of revenues included in this report. All of these statements have been certified by Arthur Andersen & Co., independent public accountants.

Results of Operations

Revenues for the year 1952 and their application in accordance with the provisions of the Trust Agreements securing the Authority's Revenue Bonds are compared with those for the year 1951 in the following summary in which three months operation of the boulevard system (October 1 to December 31, 1952) are included:

	1952	1951
Revenues	\$117,122,567	\$112,533,696
Operation and maintenance expenses ..	100,716,140	99,995,224
	<hr/> 16,406,427	<hr/> 12,538,472
Debt Service Requirements—		
Interest charges	4,075,000	3,816,250
Deposit to Series of 1947		
Serial Bond Maturity Fund	500,000	—
Deposit to Revenue Bond Reserves	813,314	1,284,000
	<hr/> 5,388,314	<hr/> 5,100,250
Balance before Depreciation	11,018,113	7,438,222
Depreciation (including in 1952 an accumulated deficit from 1951 of \$61,778)	9,431,583	7,500,000
	<hr/> 1,586,530	<hr/> 61,778*
Revenue Bond Amortization Fund	300,000	—
Operating Expense Reserve Fund	900,000	—
	<hr/> 1,200,000	<hr/> —
Available for Municipal Compensation ..	<hr/> \$ 386,530	<hr/> \$ —

* Denotes Red Figure

Disposition
of
Revenues

As indicated above, gross revenues for 1952 were sufficient to cover all operation and maintenance expenses, debt service requirements, depreciation

CHICAGO TRANSIT AUTHORITY

(including a deficiency of \$61,778 carried over from the year 1951), Revenue Bond Amortization Fund and Operating Expense Reserve Fund; there also remained \$386,530 available for Municipal Compensation. This latter amount was offset by credits allowed by the Franchise Ordinance and other agreements.

A summary of the revenue passenger rides and the revenues received from all sources for the years 1952 and 1951 follows:

Revenue Passengers and Classes	1952	1951	Per Cent Increase (Decrease)
Revenue Passenger Rides on CTA—			
Surface	525,415,421	584,141,163	(10.05)
Rapid Transit	146,899,814	152,700,800	(3.80)
Boulevard	19,916,807	—	—
Total	<u>692,232,042</u>	<u>736,841,963</u>	<u>(6.05)</u>
Revenues—			
Passenger—			
Surface	\$ 90,404,492	\$ 90,172,060	0.26
Rapid Transit	21,119,392	20,414,512	3.45
Boulevard	3,439,461	—	—
	<u>114,963,345</u>	<u>110,586,572</u>	<u>3.96</u>
Chartered Service	95,011	35,048	171.09
	<u>115,058,356</u>	<u>110,621,620</u>	<u>4.01</u>
Station and Car Privileges	1,070,890	1,100,120	(2.66)
Rent of Tracks and Facilities	567,457	477,208	18.91
Rent of Buildings and other			
Property	301,816	330,458	(8.67)
Miscellaneous	124,048	4,290	—
TOTAL REVENUES	<u>\$117,122,567</u>	<u>\$112,533,696</u>	<u>4.08</u>

The decline during 1952 in passenger riding reflected the increased rates of fare established in June 1952 and the continuation of the decline experienced, largely because of the increased use of the automobile, since 1947 by the entire transit industry.

The increase in passenger revenues resulted from the June 1, 1952 increase in rates of fare and from the acquisition on October 1, 1952 of the operating properties of the Chicago Motor Coach Company. Miscellaneous revenues increased from interest earned by investment of the Authority's funds in U. S. Government securities.

CHICAGO TRANSIT AUTHORITY

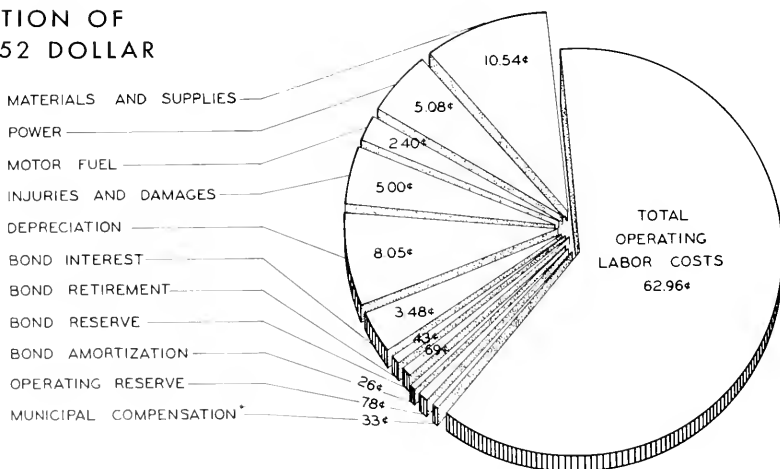
Elements
of
Operating
Costs

The principal elements of operation and maintenance expenses, exclusive of depreciation, for the years 1952 and 1951, including three months operation of the boulevard system in 1952, are summarized below:

	1952	1951	Per Cent Increase (Decrease)
Wages and Salaries	\$ 68,730,399	\$ 69,415,127	(.10)
Pension Contributions	3,520,992	3,348,687	5.15
Federal Insurance Contributions	907,605	999,037	(9.15)
Employes Insurance	581,360	593,614	(2.07)
Total Labor Costs	73,740,356	74,356,465	(.83)
Electric Power Purchased	5,956,402	6,843,285	(12.96)
Motor Fuel Consumed	2,814,152	2,237,578	25.77
Operating Materials and Supplies	5,718,906	5,119,041	11.72
Provision for Injuries and Damages	5,856,128	5,304,270	10.40
Miscellaneous Services and Supplies, etc.	6,630,196	6,134,585	8.08
Total Operation and Maintenance Expenses	\$100,716,140	\$ 99,995,224	.72

Attached to this report is a statement of the changes in hourly wage rates paid bus operators on the surface system.

DISTRIBUTION OF CTA'S 1952 DOLLAR



* TO BE MET BY AVAILABLE CREDITS UNDER FRANCHISE ORDINANCE
AND OTHER AGREEMENTS

Operating
Cost
Comments

The addition of the boulevard system contributed substantially to the increases in elements of operation and maintenance expenses set forth above. There were, however, other factors contributing to fluctuations in these costs, as follows:

Pension contributions had been increased from 4 per cent to 5 per cent on June 1, 1951. On January 1, 1953 the rate was increased an additional 1 per cent in accordance with the terms of a new agreement dated July 2, 1952 and running to December 31, 1955.

Federal insurance contributions decreased because of the reduction in number of personnel made possible by the use of new equipment.

Electric power costs continued to decrease because of the shift from street cars to motor buses.

Increased motor fuel costs reflect the conversion to buses and the increase of 1c per gallon in motor fuel tax effective August 1, 1951. During the year the Authority paid \$877,435 as motor fuel tax.

Operating materials and supplies show the continuing increase in costs.

The provision for injuries and damages had been increased from 4½ per cent to 5 per cent of gross revenues on August 1, 1951, and 1952 was the first full year to reflect the larger rate.

Revenue
Bond
Amortization
Fund

The Revenue Bond Amortization Fund provision of \$300,000 was for the quarter year October 1 to December 31, 1952 under the terms of the Supplemental Trust Agreement securing the Series of 1952 Revenue Bonds. This amount was deposited with the Revenue Bond Trustee in January 1953 and, as provided in the above-mentioned agreement, was expended for the purchase on a prorata basis of Series of 1947 and 1952 Revenue Bonds as follows:

	Principal Amount	Cost
Series of 1947	\$269,000.00	\$245,784.19
Series of 1952	54,000.00	53,561.70
	<u>\$323,000.00</u>	<u>\$299,345.89</u>

The amount remaining available for Municipal Compensation was offset by credits allowed by the Franchise Ordinance from the City of Chicago and also by deductions arising from agreements approved by the City Council covering construction of the Congress Street Superhighway.

Balance Sheet Comments

A comparison of the balance sheet accounts as of December 31, 1952 and 1951 is shown by the certified balance sheet attached to this report.

Transportation
Property
Accounts

The gross additions to property amounted to \$25,434,506 and retirements of property to \$3,384,531, leaving a net increase of \$22,049,975 in transportation property for the year 1952. Of this amount \$16,476,786 represented the purchase price of the boulevard system, and \$2,762,625 the purchase of 159 trolley buses.

The change in long term debt arose from issuance of \$23,000,000 principal amount of Series of 1952 Revenue Bonds and the refunding and retirement of Equipment Trust Certificates, as set forth in detail in a subsequent section of this report.

Status
of
Funds

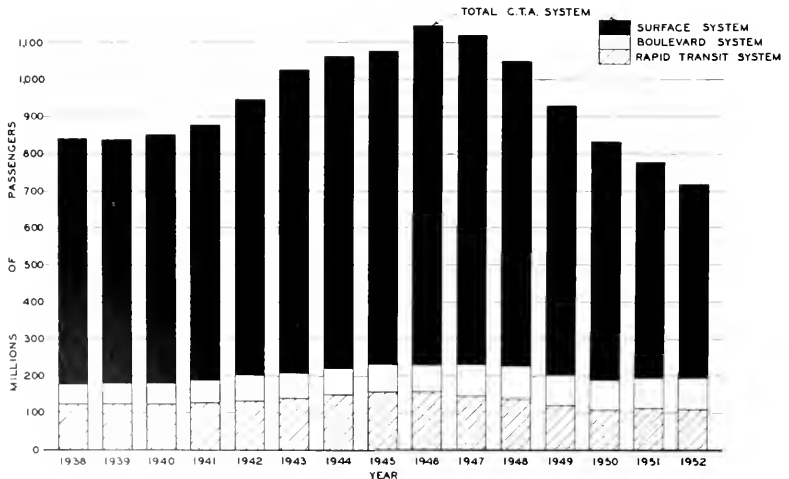
Attached to this report are certified statements of Arthur Andersen & Co., showing the transactions during the year 1952 in each of the funds of the Authority and the balance in these funds at December 31, 1952.

Revenues were sufficient during the year 1952 to make provisions in all of the funds of the Authority in accordance with the Trust Agreements, except that only \$386,530 was available for Municipal Compensation. As previously explained, this latter amount was offset by credits and deductions allowed by the Franchise Ordinance and subsequent agreements.

Modernization
Fund

The Modernization Fund was increased on October 1, 1952 by \$5,488,214 remaining of the proceeds from the sale of \$23,000,000 principal amount of Series of 1952 Revenue Bonds after payment of \$16,476,786 for purchase of the operating properties of Chicago Motor Coach Company. Chicago Transit Board has allocated \$3,000,000 of these funds to the purchase of new equipment and \$2,488,214 toward the construction of the new garage at Elston-Armstrong.

Annual
Originating
Passengers
CTA and
Predecessor
Companies
1938 to 1952



New Financing

Equipment Trust Certificate Refunding

On September 1, 1952, the Authority arranged for and called for redemption of all the then outstanding Equipment Trust Certificates by contracting for the sale at par of \$7,000,000 Series 1; \$1,600,000 Series 2; and \$800,000 Series 3 Refunding Equipment Trust Certificates, all bearing interest at the rate of $3\frac{1}{2}\%$, dated September 1, 1952, maturing serially beginning March 1, 1953 and thereafter semi-annually to September 1, 1954. These proceeds, together with funds on deposit with the Equipment Trustees for the payment of principal and interest and as guarantee, were applied to the retirement, including accrued interest and redemption premiums of the Series A, B and C Equipment Trust Certificates then outstanding. This refunding operation resulted in a net saving of \$502,602 in interest to the Authority.

Additional Revenue Bonds

On October 1, 1952 the Authority contracted for the sale of \$23,000,000 of Series of 1952 Revenue Bonds, $4\frac{1}{2}\%$, maturity July 1, 1982. These bonds differ from the Series of 1947 Revenue Bonds only in that they have no serial maturity provisions. The Supplemental Trust Agreement under which the Series of 1952 bonds were issued provides for the deposit in a Bond Amortization Fund of \$300,000 per quarter year (\$1,200,000 per year—not cumulative from year to year) to be used for the purchase for retirement of Series of 1947 and 1952 Revenue Bonds on a prorata basis. Under this provision \$300,000 was deposited in this fund in January 1953 for the quarter year ending December 31, 1952, which was used by the Bond Trustee for the purchase and retirement of \$269,000 principal amount of Series of 1947 bonds and \$54,000 of Series of 1952 bonds.

The transactions covering the sale of the Series of 1952 Revenue Bonds and the disposition of the proceeds are summarized below:

Principal amount of bonds issued	\$23,000,000
Discount (bonds were sold at $95\frac{1}{2}\%$)	1,035,000
Cash proceeds received by the Authority	<u>\$21,965,000</u>

The Authority applied these proceeds as follows:

Purchase of operating properties of Chicago Motor Coach Company, now operated as the Boulevard System of the Authority	\$16,476,786
To be added to the proceeds of equipment trust certificates yet to be issued—for the purchase of new equipment	3,000,000
For the construction of a new garage at Elston and Armstrong	<u>2,488,214</u>
	<u>\$21,965,000</u>

Future Financing

As indicated in the foregoing, \$3,000,000 of the proceeds of the Series of 1952 Revenue Bonds was allocated to the purchase of new equipment in continuation of the Authority's plan of modernization and in accordance with equipment trust certificate financing arrangements. The Authority has ordered 300 new motor buses and 250 elevated-subway cars; the latter to incorporate certain parts from 250 PCC streetcars which are to be sold by the Authority to the manufacturer. Financing for part of these orders was provided by the issuance on April 2, 1953 of \$7,950,000 Series 4 Equipment Trust Certificates, having an average interest rate of 4.6% and maturing 1955 to 1960. Additional financing for the remainder of these orders is planned as Series 1, 2 and 3 Refunding Equipment Trust Certificates mature in 1953 and 1954.

Operating and Construction Budget

1952
Boulevard
System
Budget

On November 11, 1952, Chicago Transit Board adopted a budget making appropriations for the Boulevard System for the three months period October 1, to December 31, 1952, for (a) all operation and maintenance expense; (b) pensions or retirement annuities, interest, revenue bond reserve fund and revenue bond amortization fund. No provision for the above had been made in the budget approved by the Board for the fiscal year 1952.

1953
Budgets

On December 8, 1952, after complying with the requirements of the Metropolitan Transit Authority Act, the Trust Agreement securing the Series of 1947 Revenue Bonds and the Supplemental Trust Agreement securing the Series of 1952 Revenue Bonds, Chicago Transit Board adopted Operating and Capital Budgets for the fiscal year 1953.



Modern Equipment Acquired With the Boulevard System.

Operating Budget

The Operating Budget is summarized as follows:

Operation and Maintenance Expenses includes boulevard system for entire year—1952 costs included operation of this system only from October 1)	\$109,770,600
Revenue Bond Interest (includes interest for complete year on Series of 1952 Revenue Bonds issued October 1, 1952)	4,835,000
Series of 1947 Revenue Bond Maturity (increased as per terms of Trust Agreement)	1,400,000
Series of 1952 Revenue Bond Reserve (provision for entire year—1952 costs included this item only from October 1)	276,000
Depreciation (8% of estimated revenues)	10,268,800
Revenue Bond Amortization (provision for complete year—1952 costs included this item only from October 1)	1,200,000
Operating Expense Reserve (Supplemental Trust Agreement for Series of 1952 Revenue Bonds establishes maximum of \$900,000 per year if earnings are available—not cumulative from year to year	609,600
	<hr/>
	\$128,360,000

As indicated above, the amount budgeted for operation and maintenance expenses includes the boulevard system for the entire year whereas the 1952 costs include that system only from October 1, when it was acquired. Excluding the costs of the boulevard system the 1953 budget for operation and maintenance expenses is lower than the actual costs for 1952, reflecting the continued benefits arising from the use of new equipment received beginning in the latter part of 1951 and continuing into 1952, and anticipating the economies to be realized from the first deliveries in 1953 of 300 propane buses and 250 elevated-subway cars now on order.

Capital Budget

The Capital Budget for the year 1953 contemplates an expenditure of \$22,805,000.

The major expenditures included are (1) \$6,133,000 representing the annual service charge on the Series 1, 2 and 3 Refunding Equipment Trust Certificates outstanding and the additional Equipment Trust Certificates to be issued during 1953; (2) \$8,700,000 for the purchase of motor buses and conversion of PCC streetcars to elevated-subway cars; and (3) \$2,500,000 for the construction of a new garage at Elston-Armstrong.

The Capital Budget provides for the expenditure of all cash estimated to be available for capital purposes in 1953.

Service and Plant Improvements

Purchase of Chicago Motor Coach Properties

On October 1, 1952, at 12:01 A.M. the properties of Chicago Motor Coach Company were delivered to Chicago Transit Authority. These properties were purchased for a net cash payment of \$16,476,786.16, after all adjustments. The payment was made from a portion of the proceeds of the sale of \$23,000,000 in revenue bonds, series of 1952.

Property
Acquired

Substantially all of the assets of that company were acquired. Collectively the operation of these routes is now known as the boulevard system of Chicago Transit Authority. The assets include office buildings, shops, garages, 595 motor coaches equipped with modern registering fare boxes, a number of service vehicles, shop equipment, furniture and fixtures, materials and supplies and other miscellaneous property. Existing contracts including labor contracts and pension plans were taken over by the Authority and all employes of Chicago Motor Coach, except certain executive personnel, were employed by the Authority.

Pursuant to the terms of the agreement, a suit by the Motor Coach Company seeking recovery of approximately \$1,750,000 on account of intercompany transfers (and the counterclaim of CTA) was dismissed.

Unification
Completed

The purchase of this system completed the unification of Chicago's major local transit facilities, as contemplated in the ordinance from the City of Chicago. Every neighborhood and community is linked by a single local transit system. The universal surface transfer system became actually universal in operation. There is now a more equitable distribution of the cost of local transit among all of the local transit riders.

The boulevard system, when acquired, operated on 172 miles of route on the boulevards and streets in the City of Chicago. Most of this mileage is over the boulevards and park drives of Chicago Park District. About 88 per cent of the total bus miles are operated on routes directly serving the loop area. The boulevard system offers more convenient facilities than other Authority routes for short riding in the downtown area and provides the only transit service on Michigan Avenue and between that street and the loop area, as well as the various railway stations.

Always
a Bus
Operation

The fact that this system has always used buses has allowed it to use new developments and equipment without disturbing its basic plant or organization. Its personnel, servicing, equipment and housing had all been developed for bus operation. It had none of the conversion problems that beset the streetcar operators who had changed to bus operation such as disposing of old track and electrical distribution, retooling of shops and rebuilding various housing structures for a new type of equipment and instituting a vast retraining program for operating and maintenance personnel. The garage buildings at five locations are well located from an operating standpoint and, with minor exceptions, were specifically designed for the purpose for which they are being used.

During the year 1952, with nine months of Chicago Motor Coach ownership, and three months under Chicago Transit Authority 17,228,062 bus miles were operated in regular service and 82,796,043 passengers originated on this system. The staff of trained operating personnel consists of approximately 1300 employees.

The boulevard system is operated at the surface system rate of fare. It also has 10-cent local routes, between the lake front, the railway stations, and the near north side, through the loop.

With a rounded out transit system the Authority is able to give more freedom of transfer movement for its riders.

Surface System—Transportation

Major changes in the surface system operation included the substitution, on May 11, 1952, of motor buses for streetcars on:

The Blue Island Avenue route from 25th and Kostner to Dearborn and Adams, a round trip distance of 13.80 miles.

The Milwaukee Avenue route from Imlay Avenue loop to State and Madison, a round trip distance of 24.08 miles.

Trolley buses were substituted for streetcar operation on:

The Chicago Avenue route from Mayfield loop to Fairbanks and Ontario, a round trip distance of 16.06 miles, on May 11, 1952.

Trolley buses were substituted for motor buses on:

The 47th Street route from 47th and Archer to 48th and Lake Park, a round trip distance of 12.80 miles, on March 12, 1952.

One-man car operation was substituted for two-man operation on the Cottage Grove streetcar line by the use of converted PCC streetcars, on May 11, 1952. A portion of Cottage Grove Avenue is to be closed with the construction of the New York Life Insurance Housing Project known as "Lake Meadows." The Authority, however, has secured a temporary license from Chicago Land Clearance Commission enabling the Authority to continue to maintain and operate its rail line on this portion of Cottage Grove Avenue during the construction period.

Beginning on June 29, 1952, the Indiana Avenue streetcar service was confined to the rush hours. During the off-peak hours this line is operated by motor buses and its south terminal is extended from 51st Street to 63rd and South Park.

On September 7, 1952, the W. 79th Street motor bus service was extended on the west with a loop operation adding 0.70 miles per round trip.

On October 6, 1952, the 95th Street bus line, which terminated at 95th and Claremont, was extended south and west to 97th and Campbell, into the Evergreen Park Shopping Center, adding a round trip distance of 0.88 miles.

On May 26, 1952, the Van Buren Street bus route was re-routed over Jackson Boulevard from Kedzie Avenue to Racine Avenue for eastbound traffic only, because of the Congress Street Superhighway construction on Van Buren Street.

On May 11, 1952, the Ashland Avenue, Kedzie Avenue and Madison Street two-man streetcar operations were converted to motor bus operation on Saturdays and Sundays, and on December 6, 1952, the Western Avenue and 63rd Street two-man streetcar operations were converted to motor bus operation on Saturdays and Sundays.

Off-Street Terminals

Other necessary changes were made to conform to the one-way street system. Additional off-street terminals for motor or trolley buses were placed into service at the following locations in 1952:

- North Avenue at Winchester Avenue, on May 5.
- Grand Avenue at Latrobe Avenue, on May 24.
- Douglas Park Branch at 54th Avenue, on May 25.
- Fairbanks Court at Ontario Avenue, on July 20.
- 79th Street at Rocky Ledge Park, on August 11.
- Roosevelt Road at Monitor Avenue, on September 7.
- Pulaski Road at Foster Avenue, on September 8.
- Chicago Avenue at Mayfield Avenue, on December 13.



Douglas Park Line Transfer Terminal at 54th Avenue.

The Milwaukee-Central and the Logan Square terminals were enlarged to provide additional capacity and several streetcar terminals were resurfaced to permit their use as bus terminals.

Plans for early 1953 include the conversion of the Armitage Avenue and Roosevelt Road motor bus lines to trolley bus operation. Provisions have been made for combining the North Avenue Extension and the Narragansett Avenue bus lines into a through operation.

Boulevard System—Transportation

From the time the boulevard system was acquired on October 1, when the operation of its 24 bus lines was taken over by the Authority, up to the end of the year there was no change in routing. Changes, to be effective February 1, 1953, were approved to extend the 10-cent shuttle bus fare in the Central Business District to five lines instead of two. This involves some routing changes. Arrangements were likewise made for consolidating the Austin Boulevard line of the boulevard system with the Austin Avenue line of the surface system into a through line operating from Milwaukee and Devon to Austin and Roosevelt.

The addition of the boulevard system together with changes on the surface system had increased the normal weekly mileage for motor buses to over 60 per cent of the total surface operations, by the end of 1952.

Rapid Transit—Transportation

The volume of rapid transit riding was as good or better than in corresponding periods of the previous year, for weekdays and Saturdays, until the month of December, when there was a substantial decrease under the previous year. This was due to the unusually high volume of riding carried in December, 1951 because of the severe snow storms as compared to December, 1952, when mild weather prevailed. The Sunday volume of riding in 1952 dropped under 1951 levels in May and thereafter.

The number of rapid transit passengers carried in and out of the Central Business District, as shown by the May, 1952, Cordon Count, was substantially the same as in the peak year 1946, although system wide rapid transit riding had declined 26.1 per cent for 1952 under the 1946 volume. Constantly increasing street traffic together with the development of high speed, frequent express operation on all branches of the rapid transit system has placed this off-street service in a more important position as carrier of persons into and out of the Central Business District.

On February 3, 1952, the Douglas Park rail operation was terminated at 5400 west. A Douglas Park extension motor bus route was established along Cermak Road from Harlem Avenue to 52nd Avenue. On May 25, the combined rapid transit rail and bus terminal was completed and from that date the Douglas Park buses have operated between Harlem Avenue and 5400 west.

The Humboldt Park shuttle train service, which had been installed on a trial basis in 1951, was discontinued on May 5, 1952 because of lack of sufficient patronage for train operation. Simultaneously a limited stop and supplementary motor bus service was established on North Avenue between Grand Avenue and Damen Avenue for rush hours. The Normal Park shuttle service, effective May 19, 1952, was retained for rush hour service only on weekdays. Operation of a number of little used stations throughout the system was discontinued.

To obtain better controls over revenues, separate exit facilities for south-bound North Shore trains are being established at Wilson Avenue and Belmont Avenue stations.

Car Reassignment

Effective October 12, reassignments were made of rapid transit cars so as to make it possible for the greatest number of riders to use all metal equipment. These cars provide all of the non-rush hour service and practically all of the Saturday service as well as all Sunday service on all main line routes, except Garfield Park. That route will temporarily be operated on street surface level for a portion of its run because of superhighway construction and will later be fully equipped with new cars when its modern subway right-of-way is completed. All trains using the subways, in rush hours as well as off-peak periods, continued to be equipped with all metal cars. In addition to improved over-all service, substantial operating economies resulted from these changes.

Only new modern cars are now used in non-rush hours on the North-South State Street subway, Ravenswood and Douglas Park Routes. These new cars, which constitute 18 per cent of the rapid transit equipment in service, give 38 per cent of the car miles operated. Older type steel cars were repainted in CTA standard colors and the interiors of these units were refurbished. Cars of this type were assigned to the Milwaukee Avenue subway and Lake Street elevated services.

West Side Rerouting

During the spring of 1952, the Authority management indicated that it would be willing to operate rapid transit trains west to the Des Plaines River in the median strip of Congress Street Superhighway if the right-of-way required for this operation were provided by the public agencies. This plan has been held in abeyance pending definite knowledge of future operations of Chicago Aurora and Elgin Railway Company, which owns the trackage west of Laramie Avenue.

The Authority has cooperated in the preparation of plans of the City of Chicago for the construction of a connection between the Douglas Park branch at the Paulina-Marshfield curve and the existing north-south structure parallel to and west of Paulina Street and the construction of a connection between the Lake Street branch and the said north-south structure.

It is contemplated that, on or about June 1, 1953, the Garfield Park trains will operate over the temporary inclines and surface track in or near Van

Buren Street from Sacramento Boulevard to Aberdeen Street, pending the completion of the median strip track in the Congress Street Superhighway.

Equipment

The remaining 159 units of an order for 349 Marmon-Herrington trolley buses were delivered in 1952.

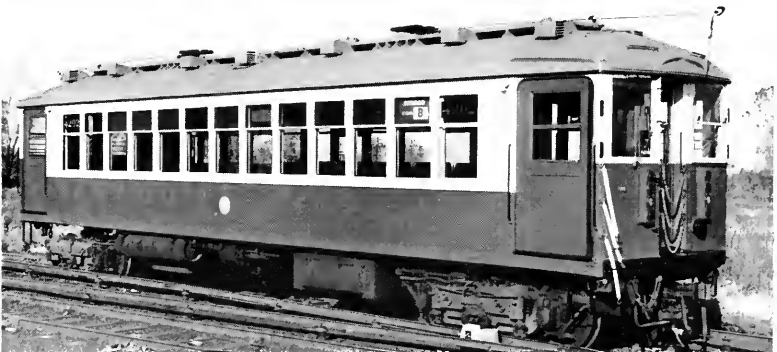
The PCC front entrance streetcars, which had been delivered in 1936 and 1937, were equipped with the latest safety devices and converted in the shops of the Authority to adapt them to one-man operation. They were placed in service on the Cottage Grove Avenue Line.

Pullman-Standard Car Manufacturing Company and St. Louis Car Company were each authorized to convert one PCC streetcar into a rapid transit car. These experimental conversions, which required considerable body work as well as electrical and truck changes, afforded a means of determining the engineering and construction problems involved. This work had progressed sufficiently by December for the Authority to take bids on quantity conversions. As a result, after taking bids, orders were placed with St. Louis Car Company for the conversion of 150 cars of the modern type which had been delivered in 1947 and 1948. The order may optionally be increased to 250 cars.

Consideration was being given to an entirely new body for these cars with more convenient and efficient placing of doors and seating, and to new motor control equipment, a public address system and sanding devices for better braking. The possibilities of making changes in motor field shunt circuits to develop higher speeds, especially on cars to be operated in superhighway median strips, was also under study.

These conversions will enable modern rapid transit cars to be added to the system at considerably less cost than for completely new cars. It will enable

Rebuilt
Cars



The Older All-Steel Rapid Transit Cars Have Been Modernized and Repainted.

further conversion of streetcar lines to bus lines to be carried out, while finding a more useful function for the comparatively new streetcars. It is intended to substantially increase the number of modern rapid transit cars within the next two years, either through the conversion of additional cars or through the purchase of completely new cars, probably the former.

Propane
Buses

Bids were taken for additional motor buses and orders were placed for 200 propane fueled buses with Twin Coach Corporation (early in 1953 these orders were increased to a total of 300 buses). These 51-seat units will be similar to the fleet of 500 buses for which delivery was completed in 1951. New developments since delivery of the original fleet will be incorporated in their construction to make them thoroughly modern vehicles. The Authority is assured of a steady supply of propane since its supplier has completed a 12,000,000 gallon underground propane storage cavern near the Chicago market area. This will take care of fluctuations due to seasonal demands.

Plant Improvements

The principal building work consisted of adaptation of existing carhouses, shops and store houses to house and service buses in place of streetcars. Major improvements of this nature were made at the following locations:

North Avenue bus station
Lawndale Avenue bus station
77th and Vincennes Avenue car house and bus station
Division Street and Western Avenue storehouse

Surface
Track
Changes

Among the changes on the surface system tracks was the removal of rails and special trackwork on abandoned streetcar lines, in connection with City, County and State paving improvements, of 15.8 miles of single track. An additional 141.8 miles of single track were covered with asphalt in connection with paving and resurfacing work by public agencies. Abandonment of track, due to substitution of buses for streetcar operation, the installation of one-way traffic streets and other changes, amounted to 68.4 miles of single track in public streets and ways and 3.3 miles of single track in carhouses, yards and private property. The removal of 26 single track steam and electric grade crossings, on abandoned car lines, was carried out to eliminate the Chicago Transit Authority obligated costs for maintaining this special trackwork.

Rapid
Transit
Structure

On the rapid transit system the major transfer terminal at 54th Avenue on the Douglas Park branch was constructed, including a track loop and yard changes, platforms and overhead bridge, bus driveway and parking area for automobiles. Station platforms were extended at 36 stations to permit the use of longer trains. Extensive painting was carried out on rapid transit stations in the State Street subway and on elevated structures. Progress was made in rebuilding and strengthening portions of the elevated structure.

The construction of the addition to Unit #2 of the Skokie rapid transit shops is nearing completion.

The forces of Chicago Transit Authority carried out the construction of the rapid transit diversion tracks on the surface in and adjacent to Van Buren Street from Sacramento Boulevard to Aberdeen Street. This work, which provides temporary track for Garfield Park rapid transit trains after the existing elevated structure is removed, was performed on a contract basis for the City of Chicago.

Among the Authority work required by reason of public construction is the relocation of four of the elevated columns at Franklin and Ontario Streets to conform to the new curb line of Ontario Street. This street will be used as a feeder route to the Northwest Superhighway. The work will require installation of new plate girders spreading 86 feet across Ontario Street and four new columns and foundations at an estimated cost of \$55,000.

Electrical Changes

Electrical changes included the abandonment of the Ohio Street substation as a point of supply. The 40th Street and Harding Avenue Edison-operated substations were taken over and operated by the Authority. Because of the relatively large amount of motor bus operation on weekends, four substations were placed on a five day week operating schedule. They are now shut down and unattended from Friday night to Sunday night each week.

Conduit and wiring was placed by the Authority's forces in the building and terminal improvements that were carried out during the year. The trolley and feeder lines were completed for the 47th Street and Chicago Avenue conversions to trolley bus operation. Work was likewise done to prepare the Roosevelt Road and Armitage Avenue lines for trolley bus operation. They are scheduled for conversion in the coming year. A major project on the rapid transit system was the building of a new power supervisor's office in the Merchandise Mart Building.

Material and Supplies

The demands of the improvement program as well as the change in method of operation have required changes to be made in the handling of materials and supplies. This involved the preparation of a storage space as locations for various types of materials were shifted for more efficient handling. A building plan was prepared for a permanent structure for the use of the material and supplies department at the Skokie rapid transit shops and arrangements were made for a stationery store room in the Merchandise Mart Building.

Over 100,000 items are now carried in stock. For the year the sale of scrap amounted to \$1,177,577. For the period, 1948 to 1952 inclusive, scrap sales averaged \$1,082,142 per year. The acquisition of equipment, materials and supplies required the processing by the specifications department of approximately 22,400 purchase requisitions.

Real Estate

All space to be occupied by the general offices of the Authority in the Merchandise Mart Building is being vacated by the previous tenants. This space, where not already completed, is being modified to the needs of the

Authority. By the close of 1952 some 73,327 square feet of this office space was occupied by 670 employees. Ultimately about 115,000 square feet will be occupied. It is expected that all departments will be in their permanent quarters sometime in the spring of 1953. Besides the substantial savings in the cost of office space this arrangement will permit more convenient and efficient transaction of business.

No real estate was sold in 1952. Six relatively small parcels were purchased for terminal facilities. It is expected that a substantial amount of real estate will be offered for sale in 1953, of properties that are no longer necessary for the operations of the Authority. These sales will include the land and building at 600 W. Washington Street, which had been occupied by the Claim Department and the Law Department and the land and building at 1165 N. Clark Street, which had been occupied by the Chief Engineer's group, the Way and Structure Department and personnel activities. These two offerings will be made possible by reason of the moving to the Merchandise Mart of the departments occupying those buildings.

Real
Estate
Sales

Street Traffic

The total surface vehicles (of which private automobiles constitute 72.7 per cent) entering and leaving the Central Business District, as determined by cordon counts taken from 7:00 A.M. to 7:00 P.M. in the month of May each year, decreased from 392,979 in 1951 to 382,849 in 1952, representing a loss



The Milwaukee Avenue Surface Line Converted to Bus Operation Has Been Extended to State Street.

of 2.58 per cent. Motor vehicle registrations in the City of Chicago for 1952 were approximately 1.3 per cent less than for 1951. Whether these figures represent a temporary check in the trend or a new trend cannot be stated from this one instance. The general trend had been to increase each year, except for the temporary wartime slump.

Transit passengers on surface vehicles of CTA, included in this one day count, also decreased from 463,658 in 1951 to 397,319 in 1952 or 9.02 per cent. Subway and elevated passengers counted increased from 421,165 to 428,285, or 1.69 per cent.

Safety Crusade

The Authority continues to be a member of the group supporting the Citizen's Traffic Safety Board. The Safety Board, under the banner of the "Crusade for Traffic Safety in Chicago," exposed the city to the most intensive advertising, publicity and radio-television safety program in its history. The Crusade is used to support, in cooperation with the mayor and the police department, the pedestrian protection and the other control programs. The Crusade program is coordinated with efforts to improve police enforcement of traffic laws and to spur engineering improvements that will tend to relieve congestion. Progress is being made on both counts. The Safety Board has a complete staff and, among its other activities, sponsors or co-sponsors various enterprises contributing to traffic safety.

Parking Lots

The City of Chicago has sold \$22,600,000 in revenue bonds, the proceeds of which are to be applied to the acquisition of land and the development of parking lots and parking decks. The facilities to be constructed in the Central Business District and the North Michigan Avenue area will provide parking space for 6,767 automobiles. A smaller development in the 63rd and Halsted area will provide parking space for 1,302 automobiles. It is stated by the City that it appears only through the development of additional off-street facilities will it be possible to return the streets for the movement of traffic rather than the parking of vehicles.

An underground garage for the accommodation of 2,350 automobiles is also being constructed by Chicago Park District in Grant Park and under Michigan Avenue, extending from Randolph Street to Monroe Street. The estimated cost is \$8,300,000.

One way movement of traffic is gradually being expanded to additional streets in and adjacent to the Central Business District. This is requiring considerable rerouting of the Authority's surface routes.

Parking is now prohibited during the hours of 4 A.M. to 7 A.M. on mass transit streets on which more than 500 transit riders are carried in the rush hour in the maximum direction. This prohibition also applies to a number of through streets. Certain exceptions are made for communities where the prohibiting of so-called "all night parking" would create undue hardships.

Public Improvements

Operation of the Authority's system is considerably affected by the construction incident to the City's extensive program of public improvements. These improvements will result in a better city and better operating conditions for the Authority but the work creates temporary conditions requiring rerouting, changes in track alignment and grade and introduces service interruptions.

Among such improvements scheduled for 1953 are three new bridges over which CTA operates. Extensive repairs are contemplated on 17 bridges and also on a number of viaducts. Various railroad grade separation projects will be under way.

Active work will continue on the Congress Street Superhighway as well as on the Wacker Drive extension and the North Route Superhighway. Preliminary work will begin on the Northwest Expressway. The repaving of forty-seven miles of street is contemplated by the City of Chicago, practically all over streets on which the Authority operates. Similar work will also be done by the Cook County Highway Department within the City area.

Modernization Status

Expenditures for improvements, in addition to current renewals, were \$5,789,000 in 1952. This was for the surface and rapid transit systems.

Modernization expenditures to date are:

Expended for Modernization from inception of the Authority to December 31, 1951	\$65,416,000
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Modernization expenditures during the year ended December 31, 1952	\$ 5,789,000
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Total to December 31, 1952	<u>\$71,205,000</u>
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Of the expenditures made in 1952, \$3,536,710 was for new equipment.

*Administrative Activities**Rates of Fare*

The last fare change prior to the first of the year was on August 1, 1951, except for the \$1.25 downtown zone weekly pass on the surface system which became effective October 30, 1951. On June 1, 1952, new interim fare rates became effective.

On the surface system general fares were increased from 17c to 20c cash or 5 for 85c tokens. Express bus fares were changed from 18c cash to 20c cash or 5 for 90c tokens. Children and school fares were changed from 8c cash to 10c cash or 5 for 40c tickets. The \$1.25 weekly downtown zone pass was discontinued.

On the rapid transit system middle zone fares were increased from 18c cash to 20c cash or 5 for 90c tokens. Children and school fares were changed from 8c cash to 10c or 5 for 40c tickets.

Local rides in the north or west zone of the rapid transit system were increased from 17c cash to 20c cash or 5 for 85c tokens. Children and School fares in these areas were changed from 8c cash to 10c or 5 for 40c tickets. There was no change in the rate for the adult two-zone through ride which remained at 25c.

Effective 12:01 A.M., October 1, 1952, when the Authority acquired the operating properties of Chicago Motor Coach Company, now known as the boulevard system, the general fares and transfer privileges for adults and children on that system became the same as the rates, fares and charges and transfer privileges applicable to the surface system of the Authority.

At that time the surface system express bus fares were reduced from 20c cash or 5 for 90c tokens to 20c cash or 5 for 85c tokens, which was the same as the general adult fares. On the two parking lot shuttle bus services operated by the boulevard system the fares for rides without transfer were set at 10c for adults and 5c for children and school fares. Combination rides with commutation or multiple ride tickets on certain railroads with terminals west of the river continued to be permitted through the sale of commuter bus coupons which would permit rides on the boulevard system to be taken at a cost of 10c per ride within limited zones.

By action of the Board on December 19, 1952, to become effective February 1, 1953, sale and use of the 10c railroad commuter bus coupons is discontinued. On that date shuttle bus service in the Central Business District expanded to five routes and adult rides, without transfer, may be taken thereon for 10c cash. These services may be used by transfer passengers, and children or school children at the general rates applicable to the surface system.

Transfer privileges are universal at general fare rates. Adults who transfer from surface or boulevard routes after paying a token (5 for 85c) fare, pay one cent additional when entering a rapid transit station.

The Authority has provided for protection and better accounting of its revenues through the use of fare boxes on the surface system. In addition to the 1,000 electrically operated fare boxes which were placed in service in 1949, the Authority acquired 2,200 used slot-type electrically operated fare boxes during the past year. These were rebuilt to accept the type of tokens and coins required in payment of fare at the established rates. This will enable all scheduled streetcars and buses to be equipped with registering fare collecting devices. Also acquired were the 640 modern electrically operated registering fare boxes which service the equipment of the boulevard system.

Wage Agreements

The wage agreements made in 1951 have continued in effect throughout the year 1952. These agreements can be opened by either the Authority or the unions prior to May 31, 1953, but are effective to that date.

They provided for an additional three cents per hour beginning January 1, 1952 and an additional four cents per hour beginning June 1, 1952, making the maximum rate for bus operators \$1.84. In addition to the basic pay rate there is a quarterly adjustment for the cost of living allowance which is based on the Consumers Price Index For Moderate Income Families for Chicago. As of January, 1953, this cost of living allowance was six cents per hour. As of the close of the year each one cent in the wage rate per hour represented a cost to the Authority of approximately \$450,000 annually. The wage rates in effect on the boulevard system were the same as those on other portions of the Authority's operations.

Retirement Plan

The Retirement Plan for Chicago Transit Authority Employees, originally effective on June 1, 1949, was amended in several respects, effective June 1, 1952. The amendments were made by agreement between the Authority and the unions involved. The rate of contribution to the fund was amended for periods after June 1, 1950 so that the following stated percentages of employees' compensation have been or will be contributed by the employees and the Authority respectively.

<i>Period</i>	<i>Employees</i>	<i>Authority</i>
June 1, 1949 to May 31, 1950	Two (2) per cent	Three (3) per cent
June 1, 1950 to May 31, 1951	Two (2) per cent	Four (4) per cent
June 1, 1951 to Dec. 31, 1952	Two and one-half (2.5) per cent	Five (5) per cent
Jan. 1, 1953 to Dec. 31, 1953	Three (3) per cent	Six (6) per cent
Jan. 1, 1954 to Dec. 31, 1955	Three and one-half (3.5) per cent	Seven (7) per cent

Voluntary early retirement was changed from age 55 to age 58.

The plan as amended will be in effect to December 31, 1955 and will automatically continue for successive periods of three years thereafter. Either party may propose amendments by giving notice to the other party not more than ninety days or less than sixty days prior to December 31, 1955, or prior to the end of any three-year period thereafter during which the agreement is continued. In the event no agreement is reached on the matter of amendments it shall be submitted to arbitration.

By agreement, and with the approval of Chicago Transit Board, the retirement plan year, which was the twelve months ended May 31, was changed to a calendar year basis.

As of December 31, 1952, 4,379 employees were being paid retirement benefits under our retirement plan. Excluding the boulevard system, the total payments made by employees during the year were \$1,815,539. In this period the Authority contributed \$3,618,173. The total payments to retired employees, their beneficiaries, and as refunds to employees leaving the service were \$4,160,429.

Insurance

The major portion of our fire insurance expired on November 21, 1952 and December 1, 1952. In preparing for renewal, the Property Accounting Department developed a new insurable value of CTA property as of January 1, 1952. With the assistance of our Broker of Record, the Cook County Inspection Bureau developed a blanket fire insurance rate covering the Authority's properties. On November 21, 1952, \$67,785,000 of ordinary risk insurance, formerly placed through the stock companies, was not renewed, and on December 1, 1952, \$18,673,000 of superior risk insurance was not renewed, and the CTA became a self-insurer on all risks involving fire, with the exception of \$22,574,985 of rolling stock which is being purchased under the Equipment Trust Agreements.

Effective November 21, 1952, \$1,000,000 of fire insurance, in excess of the first \$500,000 was placed for a one-year period, covering our property previously insured through the stock insurance companies. The properties insured have an insurable value of \$84,000,000.

On October 1, 1952 the Authority acquired properties of Chicago Motor Coach Company. These properties were insured as follows:

Garage and Shops and Contents—\$2,400,000

Expires October 29, 1956

Rolling Stock—\$6,716,500

Expires August 7, 1953

Saving by
Self-
Insuring

Those policies are being allowed to continue until expiration date at which time under the present policy of self insurance they will not be renewed. It is estimated, based on past experience with losses, that an average annual saving of \$94,000 will result to CTA because of its self-insurer policy.

During the year there were 525 inspections made by our insurance inspector, and 491 fire drills reported. Besides the inspection made by the Cook County Inspection Bureau in connection with developing the new blanket rate, the surface system was inspected by engineers of Rollins Burdick Hunter Company, and the rapid transit system by engineers of Marsh and McLennan, Incorporated.

The Authority also carried Public Liability Insurance on a number of specific items as well as financial risk insurance and boiler insurance.

As of December 31, 1952, 16,569 employees (excluding the boulevard system) were covered under our group life insurance. The boulevard system employees were included under our policy but with some modifications as to coverage due to agreement with their union. Most employees were likewise covered for accident and sickness health insurance and for hospital and surgical insurance.

North Shore Contract

New agreements were entered into between the Authority and Chicago North Shore and Milwaukee Railway Company covering the joint use of facilities. The agreements are for the period May 1, 1952 to May 1, 1953 and may be extended by mutual consent.

The fee for use of the Authority's tracks and for power supply was increased from 16 cents per car mile to 22 cents per car mile. This includes power supplied and is for use of tracks by North Shore whether owned or leased by the Authority. Provision has also been made for terms under which stations and other facilities may be used by North Shore.

The trackage fee for use by the Authority of the North Shore tracks from Howard Street to the Skokie Shops of the Authority was formerly based on proration of all expenses of this particular branch. It is now based on payment by the Authority of a flat 22 cents per car mile.

New General Managers' agreements relating to details of operation and maintenance were executed. All former agreements, amendments, letters of agreement, and General Managers' agreements between the former Rapid Transit Company and the North Shore Company were cancelled.



Portal of Congress Street Subway.

Law Activities

As stated in this report, under the heading of Management and Personnel, the Law Department has been made responsible for conducting litigations and for advising the Claim Department upon questions of law pertaining to claims and suits.

During the calendar year 1,603 suits arising out of claims were disposed of by settlements and trials.

The Law Department disposed of an unusual volume of matters other than claim litigations.

The underwriting and refunding of Equipment Trust obligations during the year amounted in the aggregate to \$10,660,000 in principal amount. These transactions required Law Department approval of legal aspects.

The Law Department assisted in negotiating and drafting a new agreement for the use of Transit Authority right-of-way and facilities by Chicago North Shore and Milwaukee Railway Company.

Sale of Bonds

During a period of four months, a considerable amount of time was spent by department lawyers in connection with the purchase of the Chicago Motor Coach System and the issuance of the revenue certificates in the amount of \$23,000,000 issued to finance that purchase and to provide for additional improvements of the transportation system of the Authority.

Acquisition of Chicago Motor Coach properties resulted in disposing of several important litigations through dismissal of pending proceedings. These included the suit by which Chicago Motor Coach Company sought to enjoin the Authority from extending operations on Austin Boulevard where Chicago Motor Coach Company maintained service; the suit involving the respective claims of the Authority and the Coach Company arising out of the inter-system transfer arrangement; and the application of the Coach Company for a certificate of convenience and necessity to operate on various city streets upon which Transit Authority operations had already been authorized by the City of Chicago. This proceeding would have become a test case of the "Little Home Rule Act" and the ordinance grant by the City of Chicago to the Transit Authority for exclusive use of streets for a term of fifty years.

Litigations Disposed

Other important litigations disposed of during the year were:

The two suits between the 79 West Monroe Building Corporation and the Authority arising out of the retaining of space in that building, during delay in delivering of space in the Merchandise Mart, were settled by compromise.

After contested hearings the Authority secured approval of the Board of Zoning Appeals for an off-street trolley bus terminal located at Fairbanks Court and Ontario Street.

Two former employees sued for reinstatement in jobs from which they had been discharged for cause. The first of these cases was disposed of in favor of

the Authority by dismissal of the proceeding. The other suit is still pending but in the opinion of the Law Department should also be dismissed.

The City of Berwyn brought another suit to enjoin the Authority from dismantling the portion of the Douglas Park Elevated which lies in the City of Berwyn. The suit was dismissed by the trial judge. Preliminary steps for appeal were taken but were abandoned.

In a suit brought by property owners in the vicinity of the Lawndale Depot, an attempt was made to enjoin propane gas storage at the depot. The Court refused to issue an injunction. Plaintiffs also claim monetary damages but it is the opinion of this department that the claim will not be sustained.

Claims

The following is the comparative record of claims and suits in injury and damage cases which were disposed of in the years 1951 and 1952.

	Suits		Claims	
	1951	1952	1951	1952
Number Disposed of	1,365	1,603	19,912	20,742
Total Cost, Including Overhead Expense	\$2,641,300	\$2,989,575	\$2,812,860	\$3,225,063
Total Cost per unit disposed of	\$ 1,935	\$ 1,865	\$ 141	\$ 156

There is, of course, some lag in the settlement of claims which cannot all be disposed of within the year in which the incidents occurred. Subject to such fluctuations, the amount paid in settlement of claims and suits per 100,000 passengers, averaging the years 1951 and 1952, for the several types of vehicles is as follows:

Streetcars	\$555
Buses	\$237
Rapid Transit	\$220

With the continued conversion from streetcars to bus operation the future expectancy appears to be hopeful.

Accident Prevention

A substantial reduction in accidents was achieved during 1952. A preliminary report on total accidents on the CTA system is shown below:

Total Reported Accidents	1952	1951	Per Cent Change
Surface System Public Accidents	22,983	30,020	—23.4
Rapid Transit System Public Accidents	2,850	3,079	— 7.5
Industrial Accidents	1,857	2,286	—18.7
Total	27,690	35,385	—21.8

Even more significant in the case of our public accidents is the reduction obtained in frequency rates. On the surface system, there were 14 traffic type accidents per 100,000 vehicle miles in 1952 as compared with 17 in 1951. Motor buses made a particularly good record with the frequency rate being reduced from 14 to 11.

The total accident frequency rate per 100,000 miles operated on the rapid transit system decreased from 2.07 in 1951 to 1.77 in 1952.

Public Information

The Chicago Transit Authority during 1952 continued its policy of regularly informing the public of its activities which are of general interest.

Administration of this program is the responsibility of the Department of Public Information. Included under the general supervision of the department are public and press relations, information and complaint service, publicity, advertising, promotional projects, revenue-producing contracts covering concessions and commercial advertising on CTA vehicles and properties, charter service, and the publication of the employe magazine, CTA TRANSIT NEWS.

News releases were distributed to metropolitan dailies, community and foreign language newspapers, news service agencies and radio and television stations at frequent intervals throughout the year. These stories reported the arrival of new equipment, changes in service, the establishment of new terminals, outlined the progress of negotiations involved in the purchase of the properties of Chicago Motor Coach Company, and covered many other operating and financial matters.

News digests, containing a brief resume of all news material released were mailed monthly to investment agencies and other interested organizations and individuals.

Promotional Advertising

Various media were used during 1952 in the Authority's advertising-promotion activities.

Paid newspaper advertising appeared in the metropolitan daily press during the fall months to announce and outline the objectives and advantages to the riding public of the purchase of the Chicago Motor Coach properties which represented the achievement of a fifty-year goal—complete unification of all major local transportation facilities in the city.

Advertising material on CTA vehicles and properties—car cards, posters, structure display signs, etc.—served as the backbone of the Authority's promotional-institutional campaign during 1952. CTA continues to be one of the most extensive users of such material in the transit industry. Emphasis is placed on this phase of our public information program for two reasons—(a) these media directly reach CTA riders, both regular and occasional; (b) it is space of high commercial value, available to CTA at no out-of-pocket cost other than the production of the advertising matter.

Service
Information

The pulse of public reaction to the Authority's service, facilities and all phases of its operations centers in the Service Section which processes communications expressing constructive criticism as well as suggestions for changes in service or operating methods. Telephoned complaints are handled as received, and written reports sent to the departments involved for corrective action. Written complaints are investigated and acknowledged individually, and transmitted to the proper departments for full consideration and action.

A new booklet—"How to Use the 'L'-Subway Lines"—was introduced to transit riders during the year. Its purpose is to explain in detail the rapid transit operations of the Authority to reduce some confusion which exists as a result of the introduction of "A" and "B" express service and other innovations established by CTA over a period of several years. Twenty-five thousand copies of these booklets were printed. It was first offered to Chicagoans during September and October through television announcements on WBKB, and was later publicized through car card displays and "take-one" leaflets. Thousands of requests for copies by mail, telephone, and personal visits at the Authority's offices have been received.

Chicago
Facts

Late in September, 1952, the Authority launched a novel "Chicago Promotional Series" on the reverse side of its surface system transfers, which appear on the transfers on days when the space is not sold to commercial advertisers. The Chicago facts are designed to spotlight Chicago's leadership in business, industry, finance and culture and to stimulate, in its citizens, a greater pride in the achievements of their home town. Source of the factual material used is the Chicago Association of Commerce and Industry.

Rider's
Reader
and
Transit
News

The Authority continued to distribute bi-monthly issues of the RIDER's READER publication to its patrons through the "take-one" boxes on CTA vehicles. As the year ended a new format for a "take-one" folder, to be issued monthly, was being developed. The new publication will feature the "Bill Saver Family" in friendly discussions of CTA service and problems.

Because employees are Chicago Transit Authority's front line of contact with patrons of the system, the employee publication — TRANSIT NEWS — is prepared and published. This magazine, which won national honors as best in its class and was the grand prize winner as the outstanding employee publication in the transit industry during 1951, was published bi-monthly during 1952. At the year's end, it was scheduled to resume publishing on a monthly basis in 1953.

Community
Relations

CTA continued to offer a helping hand to worthy civic, patriotic and charitable organizations throughout the year, as part of its *community* relations program. Free advertising space on CTA vehicles and properties was made available to promote events and money-raising campaigns conducted by such groups as the Community Fund, Red Cross, Cancer Society, Heart Association, Arthritis Foundation, Shrine Hospital for Crippled Children, Easter Seals,

Christmas Seals, Boy Scouts, Girl Scouts and many others. The same space was used to assist the recruiting drives of the armed forces and to encourage the sale of United States Government bonds, as well as to direct attention to public recreational facilities in the parks and forest preserves and to give impetus to civic-sponsored traffic, safety and clean-up campaigns.

Public speaking activities of the Authority were substantially accelerated during 1952. Participating in this program are executives and department heads as well as a group of young men who are enrolled in CTA student engineer training program.

For many years, money raising drives for the Red Cross and Community Fund have been conducted among employes of the CTA and its predecessor companies. During 1952 the Authority participated with CTA labor representatives and Red Cross and Community Fund executives in the development of a single fund raising plan for employe contributions to these two organizations on a continuing, monthly payroll deduction basis. Figures available at the year's end indicated that the plan was developing substantially increased amounts for both Community Fund and Red Cross.

Revenue Contracts

Income from the advertising franchise and various concessions for the years 1952 and 1951 was as follows:

Item	1952	1951
Card and Poster Advertising:		
Surface Lines and Rapid Transit	<u>\$823,787</u>	<u>\$864,549</u>
Boulevard Lines (3 months)	31,815	—
Transfer Advertising	19,583	—
Newsstands	77,199	74,315
Vending—Soft Drinks	36,715	27,814
—Candy, Gum and Nuts	52,462	56,725
Parcel Lockers	5,611	4,874

Vending concessions for the benefit of employes are also operated at garages, depots, carhouses, shops and offices. Commissions for these vending privileges—\$8,995 for the year 1952—are credited to the Employee Welfare Fund.

Charter Service

The year 1952 was the first full year of Charter Service sales since administration of the service was reorganized late in 1951. A rather extensive advertising campaign has been maintained to promote this service by means of direct mail, community newspapers, and a wide use of the Authority's own media—car cards, traveling displays, and transfer-ads.

The public response to the Authority's Charter Service has been enthusiastic. On an active holiday there have been as many as 137 Authority buses in this service.

Charter Service revenues for 1952 were \$95,011, of which \$16,584 was from 3 months operations of the boulevard system. The Authority's revenues from this source for 1951 were \$35,048.

Chicago Transit Board

The term for which Mr. Ralph Budd was appointed as a Board Member expired on September 1, 1952. In accordance with the provisions of the Metropolitan Transit Authority Act he continues to serve until a successor has been appointed and has qualified. On August 20, 1952, the Board elected Mr. Budd as Chairman, effective September 1, 1952, for a term of three years or until a successor Board Member has been appointed and has qualified.

During the calendar year 1952, Chicago Transit Board held forty-six Board meetings for the transaction of official business. Numerous informal conferences on policy matters were held during the year, which was particularly active by reason of the negotiations for, financing and completion of the purchase of the Chicago Motor Coach Company properties.

On May 29, 1952, the offices of the Board were moved to the Merchandise Mart Building and the principal office of Chicago Transit Authority was established at Room 734, Merchandise Mart Plaza, Chicago 54, Cook County, Illinois.



Incline to Elevated from Temporary Surface Track in Van Buren Street.

Management and Personnel

By ordinance of the Board, passed on April 24, 1952, the accident investigation department was abolished and the claim department was established for the settlement of claims and suits. The claim department, under the direction and supervision of a General Superintendent of Investigations and Claims, is made responsible for processing, investigating and determining the amounts to be paid in settlement of all claims brought against the Authority or by the Authority against others. Special procedures have been established for large settlements.

**Organization
Changes**

All lawyers in the accident investigation department were transferred to the department of law. The General Attorney is responsible for the conduct of all suits arising out of claims for personal injury or property damage brought against the Authority or by the Authority against others and is responsible for the preparation and trial of such suits. The General Attorney is also responsible for advising the claim department with respect to questions of law arising out of all claims and suits. This reorganization was effected to expedite the settlement of claims and reduce the cost of handling them.

Consultants

Consultants were called upon to study the procedures in handling materials and supplies and their recommendations were followed, which led to greater economy. Recommendations were also received from consultants which led to more economical handling of equipment maintenance.

**Employee
Suggestion
Plan**

The Board authorized the establishment of an employee suggestion plan. While suggestion plans had previously been in effect from time to time in individual departments this was the first time that such a plan was established on a system-wide basis.

The plan, which went into effect on October 1, 1952, was established with the purpose of stimulating cooperation, efficiency and satisfaction in the work that employes perform individually and as an organization. The objective is to develop continuing improvements in service—service to the public, service to Chicago Transit Authority and service to the employee.

Employee suggestions are analyzed, passed upon and evaluated by the employee suggestion committee of which the General Manager is chairman. The detailed direction of the plan is carried out by M. Korosy, Executive Secretary of the committee. In the period from October 1 to December 31, 1952, a total of 767 suggestions were received. Of these, 607 had been acted on by the close of the year and 24 suggestions had been accepted and cash payments were made to these individuals on recommendation of the committee.

**Appointments
and
Retirements**

With the establishment of the claim department, Charles J. Mersch was appointed general superintendent of investigations and claims.

Robert J. McKinney, general superintendent of transportation, retired and the position was filled by Thomas B. O'Connor.

Charles A. Burns, who had been acting treasurer, was appointed treasurer of Chicago Transit Authority.

Employment Problems

A total of 1,858 surface system operators left for various reasons during the year and we were able to hire and reinstate only 670 new employees as replacements. This situation has resulted in an increasing cost to the Authority because of the additional overtime hours required for the filling of schedule runs. Offsetting this loss, in part, a number of conversions from two-man to one-man operation during the year produced additional manpower. Moreover, the number of scheduled runs decreased somewhat because of traffic loss and this reduced the overall manpower requirement, but substantial overall shortages still exist.

In 1952, 11,929 new applicants applied for employment; of these 1,210 were hired in all job classifications. This compares with 14,990 new applicants in 1951 of whom 1,850 were hired.

Job Analysis

The necessary record controls were maintained and a continuous check was made in an effort to keep all job analyses current with changing job duties.

Classification of employees receiving monthly salaries in excess of \$504.26 and not included in Clerical Classification Grade 1 to 11, inclusive, was completed and submitted for review and acceptance. This classification did not include employees in the Foreman category or hourly rated employees. These jobs will be covered by separate classifications.

The purchase of the former Chicago Motor Coach Company on October 1 brought about a new job of classification and analysis. Formative steps were taken to accomplish this objective. It is anticipated that this work will be actively undertaken during the coming year. It is also hoped that the necessary detail can be worked out for the posting of job vacancies on a completely uniform basis throughout the boulevard system and other Transit Authority properties.

Training Activities

The Training Department was re-established in the Authority on September 1, 1950. At this time and during the greater part of 1951, CTA was modernizing equipment and changing service at a pace unheard of in the transit industry. Of necessity, the activities of the Training Department were devoted almost wholly to the training of personnel on new or modified equipment and on changes in service. During 1952, emphasis shifted from equipment and service changes to changes in operating procedures for the various classifications of operating personnel.

Because such a high percentage of operating personnel employed were initially sent to stations where they would be required to operate one-man cars, and because there was little doubt that these same personnel would soon be required to operate buses, the program was designed to qualify all new personnel as One-man Car Operators and Bus Operators. In addition, those personnel

assigned to stations where they would be required to operate streetcars were qualified as Motormen and Conductors.

The purchase of the Chicago Motor Coach Company necessitated the immediate instruction of all Chicago Transit Authority and Chicago Motor Coach Company Operating Personnel on the major changes in service and operating procedures. Subsequent instruction, standardizing operating procedures of the two companies was also required.

The merger took place with minimum of confusion despite the many operating changes and the extremely short time available for preparation and training.

Total
Employees

The number of employes on the surface and rapid transit systems at the close of the year were 16,237. The boulevard system had 1,272 employes or the total employed by the Authority was 17,509.

Planning for 1953

Orders were placed in 1952 (and early 1953) for the conversion of 150 PCC streetcars to modern rapid transit trains and the purchase of 300 propane fueled motor buses. The financing has been arranged for this equipment. This is the beginning of total orders contemplated for 250 conversions of PCC streetcars to rapid transit cars and the purchase of 500 buses. Probably the last 200 buses to be ordered in this group will be trolley buses. This will constitute another substantial phase in the Authority's modernization plan for the system. This phase will be financed in part from funds obtained by the sale of \$23,000,000 of revenue bonds in 1952 and is also dependent in part on the sale of equipment trust certificates.

Additional
Improvements

Funds from the bond sale will also permit substantial work to be done in providing adequate housing and servicing facilities for the bus program. The outstanding project in this group is for the housing and servicing facilities to be constructed, for the use of modern motor buses and trolley buses, on the property located at Elston & Armstrong Avenues. Further conversions of carhouses to bus garages will continue, with a major project of this nature at the 69th Street and Ashland Avenue carhouse.

Various improvements are contemplated for the rapid transit system including among them the installation of automatic crossing gates at a number of locations where the rapid transit trains operate on the surface.

The effects of and need for rush hour parking controls have previously been demonstrated. The Authority will, in the coming year, make extensive studies to classify our routes in their need for rush hour parking controls, so that those ordinances already passed may be retained. It is anticipated that the data developed by these studies will be utilized to extend the rush hour parking program to other streets not now included.

Congress
Street
Superhighway

The City of Chicago has been authorized to issue bonds for the construction of the Congress Street Subway. It is contemplated that actual construction work may be commenced in 1953. Related to this subway work and the Congress Street Superhighway is the beginning of the surface operation on the Garfield Park Branch of the rapid transit, which operation will continue throughout the construction period. The start of this temporary operation will be closely followed by rerouting of the Douglas Park rapid transit trains over the old Northwest branch and a connection with the Lake Street elevated, and continue to the loop over this route in place of the main line metropolitan branch from which some track and structure must be removed.

The Authority seeks an early solution to the problem of operation west of Laramie Avenue in the section where the track is owned by Chicago Aurora and Elgin Railway Company.

Acknowledgements

The Board is grateful for the fine cooperation it has received, from all parties concerned, in the negotiations for the purchase of Chicago Motor Coach Company and in completing the financing of the purchase.

It welcomes the employes of the boulevard system to the staff of the Authority, and is assured that they will make contributions toward improving the unified system's service to the public.

The Board acknowledges the response of all its employes in taking on additional work where required to maintain service, although faced with manpower shortages.

Appreciation is expressed to the City of Chicago, State of Illinois and other governmental agencies, who have all been helpful in resolving the problems in local transit brought about by the construction work on the Congress Street Superhighway, the bridge program, repaving program and other public improvements.

By Order of the Board



Chairman

Room 734
Merchandise Mart Plaza
Chicago 54, Illinois
April 24, 1953

To Chicago Transit Board,
Chicago Transit Authority:

We have examined the balance sheet of CHICAGO TRANSIT AUTHORITY (an Illinois municipal corporation) as of December 31, 1952, and the related statements of income, of accumulated net earnings, of application of revenues and of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made a similar examination for the year ended December 31, 1951.

In our opinion, the accompanying balance sheet and related statements of income, of accumulated net earnings and of funds present fairly the financial position of Chicago Transit Authority as of December 31, 1952, and the results of its operations and fund transactions for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

It is our further opinion that the accompanying statement of application of revenues presents fairly the distribution made of revenues of Chicago Transit Authority for the year ended December 31, 1952, and was prepared in accordance with the provisions of the Trust Agreement securing the Revenue Bonds.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 2, 1953.

Assets

	December 31	
	1952	1951
Transportation Property, at cost	\$147,748,507	\$125,698,532
Reserve for Depreciation	24,234,402	18,198,112
	<u>\$123,514,105</u>	<u>\$107,500,420</u>
Special Funds:		
Cash and U. S. Government Securities (see accompanying statement of funds):		
Under control of Revenue Bond Trustee—		
Transit Revenue	\$ —	\$ —
Series of 1947 Serial Bond Maturity	500,000	—
Revenue Bond Reserves	6,446,000	5,596,169
Depreciation Reserve	1,743,475	2,195,639
Revenue Bond Amortization	300,000	—
Operating Expense Reserve	1,488,736	588,736
Modernization	5,601,266	20,280
	<u>\$ 16,079,477</u>	<u>\$ 8,400,824</u>
Under control of Equipment Trustees (for purchase of equipment)	—	1,690,216
Damage Reserve	1,556,624	1,915,134
	<u>\$ 17,636,101</u>	<u>\$ 12,006,174</u>
Current Assets:		
Cash, U. S. Government and municipal securities (see accompanying statement of funds)—		
Working cash (including \$5,000,000 provided from Revenue Bond proceeds)	\$ 11,268,402	\$ 10,917,996
Deposits for payment of interest on Revenue Bonds	2,425,520	1,908,020
Deposits for payment of interest on Equipment Trust Certificates	109,672	254,931
	<u>\$ 13,803,594</u>	<u>\$ 13,080,947</u>
Accounts receivable	1,332,739	501,401
Materials and supplies, at average cost	7,205,244	7,393,429
Prepayments and other current assets	607,152	725,144
	<u>\$ 22,948,729</u>	<u>\$ 21,700,921</u>
Deferred Charges:		
Discount on Series of 1952 Revenue Bonds	\$ 1,017,750	\$ —
Other	275,810	108,217
	<u>\$165,392,495</u>	<u>\$141,315,732</u>

) Denotes deduction.

The accompanying note is an integral part of these balance sheets.

Liabilities

	<u>December 31</u>	
	<u>1952</u>	<u>1951</u>
Long-Term Debt (see accompanying statement):		
Revenue Bonds	\$128,000,000	\$105,000,000
Equipment Trust Certificates, after deducting funds of \$1,566,672 and \$2,310,052, respectively, held by Trustees for payment—Note	7,833,328	12,123,948
	<u>\$135,833,328</u>	<u>\$117,123,948</u>
Accumulated Net Earnings (see accompanying statement):		
Portion allocated in accordance with Revenue Bond Trust Agreement for—		
Debt service requirements—		
Serial Bond Maturity	\$ 500,000	\$ —
Revenue Bond Reserves	6,446,000	5,596,169
Revenue Bond Amortization	300,000	—
Operating Expense Reserve	1,488,736	588,736
Modernization	415,781	120,085
Other	90,821	61,369
Unappropriated net revenues (deficiency)	—	(61,778)
	<u>\$ 9,241,338</u>	<u>\$ 6,304,581</u>
Financing costs not deductible from revenues in accordance with Revenue Bond Trust Agreement	(1,624,334)	(822,473)
	<u>\$ 7,617,004</u>	<u>\$ 5,482,108</u>
Current Liabilities:		
Accounts payable	\$ 4,236,915	\$ 4,345,746
Accrued wages	5,596,222	2,827,227
Accrued interest on Revenue Bonds	2,425,520	1,908,020
Accrued interest on Equipment Trust Certificates	109,672	254,931
Unredeemed tickets and tokens	696,164	144,322
	<u>\$ 13,064,493</u>	<u>\$ 9,480,246</u>
Deferred Liability (for repaving of abandoned right of way)	\$ 1,562,166	\$ 1,555,416
Damage Reserve	\$ 7,315,504	\$ 7,674,014
Equipment Commitments—Note		
	<u>\$165,392,495</u>	<u>\$141,315,732</u>

Note to Balance Sheets

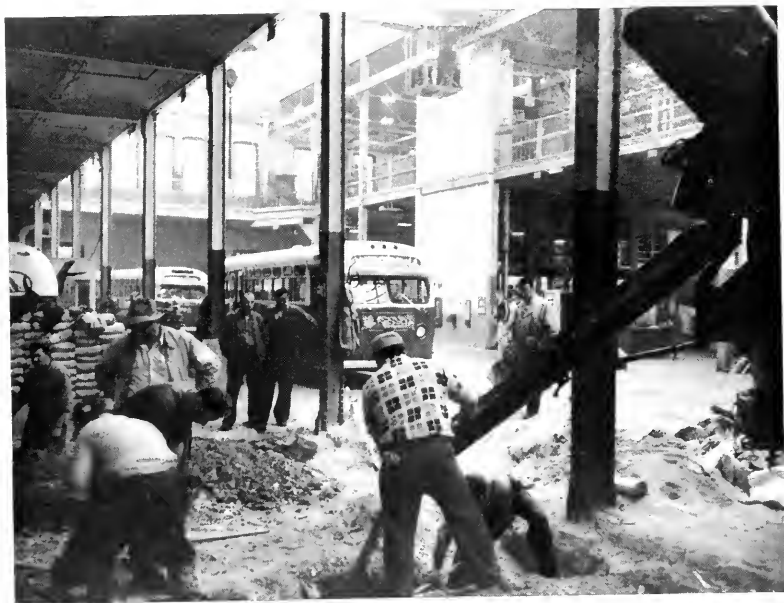
December 31, 1952

The Authority has entered into an agreement with John Nuveen & Co., which provides, subject to certain conditions, for the sale of new Equipment Trust Certificates (not to exceed \$15,000,000 principal amount) in such amounts that the aggregate amounts of all certificates outstanding at any time will not exceed \$15,000,000.

Pursuant to this agreement, the Authority has authorized the sale on April 2, 1953, of \$7,950,000 principal amount of Series 4 Equipment Trust Certificates, having an average interest cost of 4.6% and maturing 1955 to 1960. The proceeds from the sale of these Certificates together with \$1,590,000 of Modernization funds and \$1,862,000, to be received from the sale of 133 P. C. C. streetcars, certain parts of which will be incorporated into elevated-subway cars, will be deposited with the Trustee and used for the purchase of 266 propane buses at a contract cost of \$5,094,070 and 133 elevated-subway cars (incorporating certain parts of the P. C. C. streetcars to be sold to the manufacturer) at a contract cost of \$6,162,156. All of this new equipment will be pledged as collateral for the Series 4 Equipment Trust Certificates.

In addition to the above equipment, the Authority has ordered 34 propane buses at a contract cost of \$659,430 and 17 elevated-subway cars (incorporating certain parts of the P. C. C. streetcars to be sold to the manufacturer) at a contract cost of \$787,644. It is anticipated that this equipment will be purchased with the proceeds from additional issues of Equipment Trust Certificates, as presently outstanding Certificates mature, proceeds of \$238,000 to be received from the sale of 17 P. C. C. streetcars to the equipment manufacturer and Modernization funds.

SEE INSIDE PAGES FOR
STATEMENT OF
LONG-TERM DEBT



Car Houses Were Rebuilt for Bus Storage.

Statements of Income (See Note)

For the Years Ended December 31, 1952 and 1951

	1952	1951
Revenues	\$117,122,567	\$112,533,696
Operating Expenses:		
Operation and maintenance expenses—		
Way and structures	\$ 7,255,784	\$ 8,232,448
Equipment	14,685,337	13,220,034
Power and fuel for equipment	10,331,278	10,639,637
Conducting transportation	53,963,956	54,512,505
General (including provisions of \$5,856,128 and \$5,304,270, respectively, for damage reserve)	14,479,785	13,390,600
	\$100,716,140	\$ 99,995,224
Depreciation	9,369,805	7,500,000
Municipal compensation (to be met by available credits under Franchise Ordinance and other agreements)	386,530	—
	\$110,472,475	\$107,495,224
Net operating income	\$ 6,650,092	\$ 5,038,472
Interest Deductions:		
Interest on Revenue Bonds	\$ 4,075,000	\$ 3,816,250
Interest and redemption premium on Equipment Trust Certificates	784,611	596,391
Amortization of Revenue Bond discount	17,250	—
Interest earned on funds controlled by Revenue Bond Trustee	(65,969)	(68,561)
	\$ 4,810,892	\$ 4,344,080
Net income (see note)	\$ 1,839,200	\$ 694,392

NOTE:

The above statements show the revenues, expenses and net income of the Authority for the years ended December 31, 1952 and 1951.

These statements do not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statements of application of revenues.

Following is a reconciliation between the net income shown above and the final balances shown on the statements of application of revenues:

	1952	1951
Net income	\$ 1,839,200	\$ 694,392
Add—Income items excluded from amount available for allocation—		
Interest and redemption premium on Equipment Trust Certificates paid from Depreciation Reserve Fund	\$ 784,611	\$ 596,391
Amortization of Revenue Bond discount	17,250	—
Interest earned on funds controlled by Revenue Bond Trustee	(65,969)	(68,561)
	\$ 735,892	\$ 527,830
Less—Portion allocated for—		
Debt service requirements—Revenue Bonds—		
Serial Bond Maturity	\$ 500,000	\$ —
Revenue Bond Reserves	813,314	1,284,000
Revenue Bond amortization	300,000	—
Portion of 1951 depreciation requirement not earned in that year	61,778	—
Operating Expense Reserve	900,000	—
	\$ 2,575,092	\$ 1,284,000
Unappropriated net revenues (deficiency)	\$ —	\$ (61,778)

() Denote deduction.

Statement

For the

PAGES FOR
 ENT OF
 NET EARNINGS

Balance December

Net income for

Allocation of

Debt service

Revenue Bonds

Operating Expenses

Credits deducted

in accordance with provisions as provided

Balance December)

() Denotes deduction

NOTES:

(1) In accordance with provisions of discount

(2) Interest earned

Statements of Income (See Note)

For the Years Ended December 31, 1952 and 1951

	1952	1951
Revenues	\$117,122,567	\$112,533,696
Operating Expenses:		
Operation and maintenance expenses—		
Way and structures	\$ 7,255,784	\$ 8,232,448
Equipment	14,685,337	13,220,034
Power and fuel for equipment	10,331,278	10,639,637
Conducting transportation	53,963,956	54,512,505
General (including provisions of \$5,856,128 and \$5,304,270, respectively, for damage reserve)	14,479,785	13,390,600
	\$100,716,140	\$ 99,995,224
Depreciation	9,369,805	7,500,000
Municipal compensation (to be met by available credits under Franchise Ordinance and other agreements)	386,530	—
	\$110,472,475	\$107,495,224
Net operating income	\$ 6,650,092	\$ 5,038,472
Interest Deductions:		
Interest on Revenue Bonds	\$ 4,075,000	\$ 3,816,250
Interest and redemption premium on Equipment Trust Certificates	784,611	596,391
Amortization of Revenue Bond discount	17,250	—
Interest earned on funds controlled by Revenue Bond Trustee	(65,969)	(68,561)
	\$ 4,810,892	\$ 4,344,080
Net income (see note)	\$ 1,839,200	\$ 694,392

NOTE:

The above statements show the revenues, expenses and net income of the Authority for the years ended December 31, 1952 and 1951. These statements do not purport to show the disposition of gross revenues in the order of precedence required by the Trust Agreement securing the Revenue Bonds. Such information is presented in the accompanying statements of application of revenues. Following is a reconciliation between the net income shown above and the final balances shown on the statements of application of revenues:

	1952	1951
Net income	\$ 1,839,200	\$ 694,392
Add—Income items excluded from amount available for allocation—		
Interest and redemption premium on Equipment Trust Certificates paid from Depreciation Reserve Fund	\$ 784,611	\$ 596,391
Amortization of Revenue Bond discount	17,250	—
Interest earned on funds controlled by Revenue Bond Trustee	(65,969)	(68,561)
	\$ 735,892	\$ 527,830
Less—Portion allocated for—		
Debt service requirements—Revenue Bonds—		
Serial Bond Maturity	\$ 500,000	\$ —
Revenue Bond Reserves	813,314	1,284,000
Revenue Bond amortization	300,000	—
Portion of 1951 depreciation requirement not earned in that year	61,778	—
Operating Expense Reserve	900,000	—
	\$ 2,575,092	\$ 1,284,000
Unappropriated net revenues (deficiency)	\$ —	\$ (61,778)

Debit: deduction.

Statement of Accumulated Net Earnings

For the Year Ended December 31, 1952

	Total	Portion Allocated in Accordance With Revenue Bond Trust Agreement For—							Financing Costs Not Deductible from Revenues (Note 1)
		Debt Service Requirements	Other (Depreciation Fund and Special Modernization)	Unallocated Net Earnings	Serial Bond Maturity	Revenue Bond Reserves	Revenue Bond Amortization	Operating Expense Reserve		Modernization
Balance December 31, 1951	\$5,482,108	\$ —	\$5,596,169	\$ —	\$ 588,736	\$120,085	\$61,369	(\$ 61,778)	(\$ 822,473)
Net income for 1952, per statement of income	1,839,200	—	36,517 (2)	—	—	—	29,452 (2)	2,575,092	(801,861)
Allocation of net earnings for—									
Debt service requirements	—	500,000	813,314	—	—	—	—	(1,313,314)	—
Revenue Bond amortization	—	—	—	300,000	—	—	—	(300,000)	—
Operating Expense Reserve	—	—	—	—	900,000	—	—	(900,000)	—
Credits deductible from Municipal Compensation as provided in the Franchise Ordinance	295,696	—	—	—	—	295,696	—	—	—
Balance December 31, 1952	\$7,617,004	\$500,000	\$6,446,000	\$300,000	\$1,488,736	\$415,781	\$90,821	\$ —	(\$1,624,334)

() Denotes deduction.

NOTES:

(1) In accordance with the Revenue Bond Trust Agreement these items, representing accumulated interest and redemption premium on Equipment Trust Certificates paid from the Depreciation Reserve Fund and amortization of discount on Revenue Bonds, are not deductible from revenues.

(2) Interest earnings on investments in funds controlled by the Revenue Bond Trustee are available only for use of the fund in which such interest is received.

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)
For the Years Ended December 31, 1952 and 1951

	1952	1951
Revenues	\$117,122,567	\$112,533,696
Operation and Maintenance Expenses	100,716,140	99,995,224
	<u>\$ 16,406,427</u>	<u>\$ 12,538,472</u>
Debt Service Requirements—Revenue Bonds:		
Interest	\$ 4,075,000	\$ 3,816,250
Serial Bond Maturity	500,000	—
Revenue Bond Reserves	813,314	1,284,000
	<u>\$ 5,388,314</u>	<u>\$ 5,100,250</u>
Balance	<u>\$ 11,018,113</u>	<u>\$ 7,438,222</u>
Other Requirements:		
Depreciation—		
Current year's requirement	\$ 9,369,805	\$ 7,500,000
Portion of 1951 requirement not earned in that year	61,778	—
Revenue Bond amortization	300,000	—
Operating Expense Reserve	900,000	—
Municipal compensation (to be met by available credits under Franchise Ordinance and other agreements)	386,530	—
	<u>\$ 11,018,113</u>	<u>\$ 7,500,000</u>
Unappropriated net revenues (deficiency)	<u>\$ —</u>	<u>\$ (61,778)</u>

NOTE: Revenues remaining in each year after deducting operation and maintenance expenses are to be deposited in the following funds, in the order shown, to the extent that monies are available therefor:

1. Revenue Bond Interest, Serial Bond Maturity, and Reserve Funds—Deposits equal to debt service requirements as provided for in the Revenue Bond Trust Agreement.
2. Depreciation Reserve Fund—Deposits equal to annual depreciation provision and deficiencies, if any, in prior years' deposits.
3. Revenue Bond Amortization Fund—Deposit to be \$300,000 each quarter from October 1, 1952, and deficiencies, if any, in previous quarters within the year.
4. Operating Expense Reserve Fund—Deposit to be \$900,000 each year.
5. Municipal Compensation Fund—Deposit to be equal to an amount computed in accordance with the Franchise Ordinance.
6. Modernization Fund—Deposit to be equal to the monies remaining after making required deposits in the above funds.

Statement of Funds

For the Year Ended December 31, 1952

Funds L

	Total	Revenue Bond			
		Transit Revenue	Interest	Serial Maturity	Reserves
Balance December 31, 1951—					
Classified in accompanying balance sheet as:					
Special funds	\$ 12,006,174	\$ —	\$ —	\$ —	\$5,596,169
Current assets	13,080,947	—	1,908,020	—	—
Reduction of long-term debt	2,310,052	—	—	—	—
	<u>\$ 27,397,173</u>	<u>\$ —</u>	<u>\$1,908,020</u>	<u>\$ —</u>	<u>\$5,596,169</u>
Eliminate—					
Fund transfers and deposits recorded at December 31, 1951, but made after that date	(388,827)	4,557,817	—	—	—
Balance December 31, 1951—					
After eliminating above transfers and deposits	\$ 27,008,346	\$ 4,557,817	\$1,908,020	\$ —	\$5,596,169
Add—Receipts:					
Collection of revenues	\$117,817,171	\$117,723,586	\$ 16,534	\$ —	\$ 50,394
Proceeds from sale of Revenue Bonds	22,223,750	—	258,750	—	—
Proceeds from sales of Equipment Trust Certificates	1,260,000	—	—	—	—
Other receipts	4,258,900	4,203,084	—	—	36,517
Transfers from Transit Revenue Fund	—	(121,874,169)	4,075,000	500,000	813,314
Other transfers (net)	—	95,353	(16,534)	—	(50,394)
	<u>\$145,559,821</u>	<u>\$ 147,854</u>	<u>\$4,333,750</u>	<u>\$500,000</u>	<u>\$ 849,831</u>
Deduct—Disbursements:					
Costs and expenses of operations, purchase of materials and supplies, reimbursable expenditures, etc.	\$100,140,683	\$ —	\$ —	\$ —	\$ —
Purchase of Chicago Motor Coach properties	16,413,145	—	—	—	—
Disbursements for purposes for which funds were created	23,352,816	—	3,816,250	—	—
Transfers from Revenue Bond Trustee to Equipment Trustees (see accompanying statement)	—	—	—	—	—
	<u>\$139,906,644</u>	<u>\$ —</u>	<u>\$3,816,250</u>	<u>\$ —</u>	<u>\$ —</u>
Balance December 31, 1952—					
Before transfers described below:					
Cash	\$ 16,505,133	\$ 4,705,671	\$2,425,520	\$ 19,539	\$ 97,121
U. S. Government and municipal securities (at cost)	16,156,390	—	—	480,461	6,348,879
	<u>\$ 32,661,523</u>	<u>\$ 4,705,671</u>	<u>\$2,425,520</u>	<u>\$500,000</u>	<u>\$6,446,000</u>
Add or (Deduct):					
December collections deposited January 2, 1953	344,844	344,844	—	—	—
Fund transfers to be made after December 31, 1952—					
Transfers from Transit Revenue Fund	—	(5,050,515)	—	—	—
Reimbursement of working cash for disbursements payable from special funds	—	—	—	—	—
Other transfers	—	—	—	—	—
	<u>\$ 33,006,367</u>	<u>\$ —</u>	<u>\$2,425,520</u>	<u>\$500,000</u>	<u>\$6,446,000</u>
Balance December 31, 1952—					
Classified in accompanying balance sheet as:					
Special funds	\$ 17,636,101	\$ —	\$ —	\$500,000	\$6,446,000
Current assets	13,803,594	—	2,425,520	—	—
Reduction of long-term debt	1,566,672	—	—	—	—
	<u>\$ 33,006,367</u>	<u>\$ —</u>	<u>\$2,425,520</u>	<u>\$500,000</u>	<u>\$6,446,000</u>

() Denotes c

Statements of Application of Revenues

(Applied in the order of precedence required by Trust Agreement securing Revenue Bonds)
For the Years Ended December 31, 1952 and 1951

	1952	1951
Revenues	\$117,122,567	\$112,533,696
Operation and Maintenance Expenses	100,716,140	99,995,224
	\$ 16,406,427	\$ 12,538,472
Debt Service Requirements—Revenue Bonds:		
Interest	\$ 4,075,000	\$ 3,816,250
Serial Bond Maturity	500,000	—
Revenue Bond Reserves	813,314	1,284,000
	\$ 5,388,314	\$ 5,100,250
Balance	\$ 11,018,113	\$ 7,438,222
Other Requirements:		
Depreciation—		
Current year's requirement	\$ 9,369,805	\$ 7,500,000
Portion of 1951 requirement not earned in that year	61,778	—
Revenue Bond amortization	300,000	—
Operating Expense Reserve	900,000	—
Municipal compensation (to be met by available credits under Franchise Ordinance and other agreements)	386,530	—
	\$ 11,018,113	\$ 7,500,000
Unappropriated net revenues (deficiency)	\$ —	\$ (61,778)

NOTE: Revenues remaining in each year after deducting operation and maintenance expenses are to be deposited in the following funds, in the order shown, to the extent that monies are available therefor:

1. Revenue Bond Interest, Serial Bond Maturity, and Reserve Funds—Deposits equal to debt service requirements as provided for in the Revenue Bond Trust Agreement.
2. Depreciation Reserve Fund—Deposits equal to annual depreciation provision and deficiencies, if any, in prior years' deposits.
3. Revenue Bond Amortization Fund—Deposit to be \$300,000 each quarter from October 1, 1952, and deficiencies, if any, in previous quarters within the year.
4. Operating Expense Reserve Fund—Deposit to be \$900,000 each year.
5. Municipal Compensation Fund—Deposit to be equal to an amount computed in accordance with the Franchise Ordinance.
6. Modernization Fund—Deposit to be equal to the monies remaining after making required deposits in the above funds.

CHICAGO TRANSIT AUTHORITY

Statement of Funds

For the Year Ended December 31, 1952

	Funds Under Control of Revenue Bond Trustee										Funds Under Control of Equipment Trusts (See Accompanying Statement)	Other Funds	
	Total	Transit Revenue	Revenue Bond			Depreciation Reserve	Revenue Bond Amortization	Operating Expense Reserve	Municipal Compensation	Special Modernization	Modernization	Damage Reserve	Working Cash
			Interest	Serial Maturity	Reserves								
Balance December 31, 1951—													
Classified in accompanying balance sheet as:													
Special funds	\$ 12,006,174	\$ —	\$ —	\$ —	\$5,596,169	\$ 2,195,639	\$ —	\$ 588,736	\$ —	\$ —	\$ 20,280	\$ 1,690,216	\$1,915,134
Current assets	13,080,947	—	1,908,020	—	—	—	—	—	—	—	—	254,931	10,917,996
Reduction of long-term debt	2,310,052	—	—	—	—	—	—	—	—	—	—	2,310,052	—
	\$ 27,397,173	\$ —	\$1,908,020	\$ —	\$5,596,169	\$ 2,195,639	\$ —	\$ 588,736	\$ —	\$ —	\$ 20,280	\$ 4,255,199	\$1,915,134
Eliminate—													
Fund transfers and deposits recorded at December 31, 1951, but made after that date	(388,827)	4,557,817	—	—	—	264,638	—	10,446	2,472	14,599	80,000	—	(409,226)
Balance December 31, 1951—													
After eliminating above transfers and deposits	\$ 27,008,346	\$ 4,557,817	\$1,908,020	\$ —	\$5,596,169	\$ 2,460,277	\$ —	\$ 599,182	\$ 2,472	\$14,599	\$ 100,280	\$ 4,255,199	\$1,505,908
Add—Receipts:													
Collection of revenues	\$117,817,171	\$117,723,586	\$ 16,534	\$ —	\$ 50,394	\$ —	\$ —	\$ 8,617	\$ —	\$ —	\$ —	\$ 10,153	\$ 7,887
Proceeds from sale of Revenue Bonds	22,223,750	—	258,750	—	—	—	—	—	—	—	21,965,000	—	—
Proceeds from sales of Equipment Trust Certificates	1,260,000	—	—	—	—	—	—	—	—	—	—	1,260,000	—
Other receipts	4,258,900	4,203,084	—	—	36,517	29,452	—	—	—	—	—	(10,153)	—
Transfers from Transit Revenue Fund	—	(121,874,169)	4,075,000	500,000	813,314	9,397,120	—	278,048	—	—	19,433	—	106,790
Other transfers (net)	—	95,353	(16,534)	—	(50,394)	—	—	—	—	—	(15,727)	—	(5,779)
	\$145,559,821	\$ 147,854	\$4,333,750	\$500,000	\$ 849,831	\$ 9,426,572	\$ —	\$ 286,665	\$ —	\$ —	\$21,968,706	\$ 1,260,000	\$5,787,556
Deduct—Disbursements:													
Costs and expenses of operations, purchase of materials and supplies, reimbursable expenditures, etc.	\$100,140,683	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$100,140,683
Purchase of Chicago Motor Coach properties	16,413,145	—	—	—	—	—	—	—	—	—	16,413,145	—	—
Disbursements for purposes for which funds were created	23,352,816	—	3,816,250	—	—	4,122,149	—	—	—	14,599	80,000	10,283,402	6,234,404
Transfers from Revenue Bond Trustee to Equipment Trustee (see accompanying statement)	—	—	—	—	—	6,353,418	—	—	—	—	—	(6,444,547)	—
	\$139,906,644	\$ —	\$3,816,250	\$ —	\$ —	\$10,475,567	\$ —	\$ —	\$ —	\$14,599	\$16,493,145	\$ 3,838,855	\$6,234,404
Balance December 31, 1952—													
Before transfers described below:													
Cash	\$ 16,505,133	\$ 4,705,671	\$2,425,520	\$ 19,539	\$ 97,121	\$ 515,583	\$ —	\$ 9,628	\$ 2,472	\$ —	\$ 247,624	\$ 112,021	\$ 459,060
U. S. Government and municipal securities (at cost)	16,156,390	—	—	480,461	6,348,879	895,699	—	876,219	—	—	5,328,217	1,564,323	600,000
	\$ 32,661,523	\$ 4,705,671	\$2,425,520	\$500,000	\$6,446,000	\$ 1,411,282	\$ —	\$ 885,847	\$ 2,472	\$ —	\$ 5,575,841	\$ 1,676,344	\$1,059,060
Add or (Deduct):													
December collections deposited January 2, 1953	344,844	344,844	—	—	—	—	—	—	—	—	—	—	—
Fund transfers to be made after December 31, 1952—													
Transfer from Transit Revenue Fund	—	(5,050,115)	—	—	—	891,401	500,000	602,889	384,058	—	—	407,564	2,370,533
Reimbursement of working cash for disbursements payable from special funds	—	—	—	—	—	(650,042)	—	—	—	—	(270,271)	—	92,353
Other transfers	—	—	—	—	—	90,834	—	—	(386,530)	—	295,696	—	—
	\$ 33,006,367	\$ —	\$2,425,520	\$500,000	\$6,446,000	\$ 1,743,475	\$300,000	\$1,488,736	\$ —	\$ —	\$ 5,601,266	\$ 1,676,344	\$1,556,024
Balance December 31, 1952—													
Classified in accompanying balance sheet as:													
Special funds	\$ 17,636,101	\$ —	\$ —	\$500,000	\$6,446,000	\$ 1,743,475	\$300,000	\$1,488,736	\$ —	\$ —	\$ 5,601,266	\$ —	\$1,556,024
Current assets	13,803,594	—	2,425,520	—	—	—	—	—	—	—	—	109,672	11,268,402
Reduction of long-term debt	1,566,672	—	—	—	—	—	—	—	—	—	—	1,566,672	—
	\$ 33,006,367	\$ —	\$2,425,520	\$500,000	\$6,446,000	\$ 1,743,475	\$300,000	\$1,488,736	\$ —	\$ —	\$ 5,601,266	\$ 1,676,344	\$1,556,024

() Denotes deduction.

Statement of Funds Under Control of Equipment Trustees

For the Year Ended December 31, 1952

	Total	Equipment Trust Funds								
		Series 1 Refunding, For Payment of		Series 2 Refunding, For Payment of		Series 3 Refunding, For Payment of		Issues Not Outstanding at December 31, 1952		
		Principal	Interest	Principal	Interest	Principal	Interest	Series A	Series B	Series C
Balance December 31, 1951—										
Classified in accompanying balance sheet as:										
Special funds	\$ 1,690,216	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 632,663	\$1,047,049	\$ 10,504
Current assets	254,931	—	—	—	—	—	—	202,000	35,680	17,251
Reduction of long-term debt	2,310,052	—	—	—	—	—	—	1,833,000	415,413	61,639
	<u>\$ 4,255,199</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$2,667,663</u>	<u>\$1,498,142</u>	<u>\$ 89,394</u>
Add—Receipts:										
Proceeds from sales of Equipment Trust Certificates	\$ 1,260,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$1,260,000
Interest collections on U. S. Government securities	10,153	—	—	—	—	—	—	9,631	522	—
Interest collections transferred to Revenue Bond Trustee	(10,153)	—	—	—	—	—	—	(9,631)	(522)	—
Transfers from Revenue Bond Trustee for—										
Payment of principal, redemption premium, and interest on Equipment Trust Certificates	6,353,418	1,166,668	81,668	266,668	18,668	133,336	9,336	1,671,267	1,653,150	1,352,657
Payment of remaining cost of equipment	91,129	—	—	—	—	—	—	90,650	249	230
	<u>\$ 7,704,547</u>	<u>\$1,166,668</u>	<u>\$81,668</u>	<u>\$266,668</u>	<u>\$18,668</u>	<u>\$133,336</u>	<u>\$9,336</u>	<u>\$1,761,917</u>	<u>\$1,653,399</u>	<u>\$2,612,887</u>
Deduct—Disbursements:										
Payments to equipment manufacturers	\$ 3,041,344	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 723,313	\$1,047,298	\$1,270,733
Payment of principal, redemption premium, and interest on Equipment Trust Certificates	7,242,058	—	—	—	—	—	—	3,706,267	2,104,243	1,431,548
	<u>\$10,283,402</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$4,429,580</u>	<u>\$3,151,541</u>	<u>\$2,702,281</u>
Balance December 31, 1952:										
Cash	\$ 112,021	\$ 645	\$81,668	\$ 803	\$18,668	\$ 901	\$9,336	\$ —	\$ —	\$ —
U. S. Government securities (at cost)	1,564,323	1,166,023	—	265,865	—	132,435	—	—	—	—
	<u>\$ 1,676,344</u>	<u>\$1,166,668</u>	<u>\$81,668</u>	<u>\$266,668</u>	<u>\$18,668</u>	<u>\$133,336</u>	<u>\$9,336</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Balance December 31, 1952—										
Classified in accompanying balance sheet as:										
Current assets	\$ 109,672	\$ —	\$81,668	\$ —	\$18,668	\$ —	\$9,336	\$ —	\$ —	\$ —
Reduction of long-term debt	1,566,672	1,166,668	—	266,668	—	133,336	—	—	—	—
	<u>\$ 1,676,344</u>	<u>\$1,166,668</u>	<u>\$81,668</u>	<u>\$266,668</u>	<u>\$18,668</u>	<u>\$133,336</u>	<u>\$9,336</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

() Denotes deduction.

Revenue Equipment Owned

December 31, 1952

	On Hand Dec. 31, 1951	January 1, 1952 to December 31, 1952		On Hand Dec. 31, 1952
		Acquired	Retired	
Surface System:				
Streetcars—				
P. C. C. Cars	682	—	—	682
Other Closed Platform	439	—	143	296
Open Platform	380	—	171	209
Total Streetcars	1,501	—	314	1,187
Buses—				
Trolley Buses	551	159	31	679
Gas—Mechanical	395	—	35	360
Gas—Hydraulic	489	—	—	489
Diesel—Hydraulic	136	—	—	136
Propane—Hydraulic	551	—	—	551
Total Buses	2,122	159	66	2,215
Total Surface Equipment	3,623	159	380	3,402
Rapid Transit System:				
Elevated Cars—wood and steel	826	—	59	767
Elevated—Subway Cars				
Steel, Conventional type	455	—	—	455
Metal, Articulated	4	—	—	4
Metal, P. C. C.	200	—	—	200
Total Rapid Transit Cars	1,485	—	59	1,426
Boulevard System:				
Gas Buses—Mechanical	—	10	—	10
Diesel Buses—Hydraulic	—	585	—	585
Total Boulevard Equipment	—	595	—	595
Total Revenue Equipment Owned	5,108	754	439	5,423

Mileage Owned, Leased and Operated

December 31, 1952

	Surface System	Rapid Transit System	Boulevard System	Combined System
Track Owned or Leased:				
Owned	692.36	168.42	—	860.78
Leased	.34	56.95	—	57.29
Total Track Owned or Leased	692.70	225.37	—	918.07
Revenue and Non-Revenue Track or Route Mileage:				
Revenue Miles in Operation—				
Revenue Track in Operation	357.55	175.62	—	533.17
Trolley bus lines (Single way miles) in Operation	224.63	—	—	224.63
Motor bus lines (Single way miles) in Operation	941.53*	—	376.90	1,318.43
Total Revenue Miles in Operation	1,523.71	175.62	376.90	2,076.23
Non-Revenue Miles—				
Unused Track	267.62(1)	7.83(3)	—	275.45(1)
Service Track	67.53(2)	41.92(4)	—	109.45
Connecting trolley bus lines, and trolley bus storage	7.23	—	—	7.23
Total Non-Revenue Miles	342.38	49.75	—	392.17
TOTAL	1,866.09	225.37	376.90	2,468.36

NOTES:

- (1) This mileage covers tracks located in public ways and streets which are isolated, tracks from which electric service has been disconnected, and tracks not used.
- (2) This mileage covers tracks located in yards and carhouses; also 26.67 miles in public ways and streets used for pull-in, pull-out, work cars, and in case of emergencies.
- (3) This mileage covers tracks to be removed from the Douglas Park Branch and the Humboldt Park Branch.
- (4) Includes 13.11 miles Main Line Storage Track. Balance consists of tracks in yards and carhouses. Includes 15.69 miles on Indiana Ave. during non-rush hours.

Statement of Transportation Property and Organization Expense

Showing Balance at December 31, 1951, Plus Additions and Less Retirements

During Year 1952 and Balance at December 31, 1952

	Balance Dec. 31, 1951	Plus Gross Additions	Less Retirements	Balance Dec. 31, 1952
Land	\$ 8,343,858.06	\$ 2,852,599.73	\$ 1,328.00*	\$ 11,197,785.79
Track and Paving	20,804,530.10	591,202.75	2,646,211.25	18,749,521.60
Machinery and Tools	2,508,862.09	406,024.80	32,776.00	2,882,110.89
Electric Line Equipment	8,924,510.98	1,059,316.41	32,240.08	9,951,587.31
Buildings	15,148,742.69	4,652,673.97	187,302.15	19,614,114.51
Cars	27,714,578.53	152,273.15	192,432.38	27,674,419.30
Buses	30,443,855.83	14,666,673.22	74,193.43	45,036,335.62
Work Trucks, Autos and Service Equipment	992,384.53	337,694.89	36,250.90	1,293,828.52
Furniture	617,995.35	224,739.82	30.00	842,705.17
Signals and Interlocking	391,615.83	71,641.17	14,624.88	448,632.12
Crossings, Fences and Signs	204,195.18	20,996.45	12,834.95	212,356.68
Elevated Structures	6,038,474.08	3,162.15	155,520.46	5,886,115.77
Substation Equipment	1,693,928.06	13,788.18*	—	1,680,139.88
Telephones & Communi- cations	204,149.99	49,295.74	1,442.90	252,002.83
Engineering	46,622.63	—	—	46,622.63
General and Miscellaneous	1,534,912.00	360,000.00	—	1,894,912.00
Total Transportation Property	\$125,613,215.93	\$25,434,506.77	\$3,384,531.38	\$147,663,190.62
Organization Expense	85,316.39	—	—	85,316.39
Total	\$125,698,532.32	\$25,434,506.07	\$3,384,531.38	\$147,748,507.01

* Denotes Deduction

Rates of Fare

In Effect at
December 31, 1952

Fares Applicable to:

Surface System and Boulevard System

Adult—General, cash	20c
token	5 for 85c
Children and School—General, cash	10c
ticket	5 for 40c
Railroad Commuter Bus Coupon (a)	10 for \$1.00
(for use in limited zones)	Or 25 for \$2.50
Shuttle Buses (b) Adult	10c
Children or School Children	5c

Rapid Transit System

Adult	
Middle Zone (c), cash	20c
token	5 for 90c
North or West Zone (d), cash	20c
token	5 for 85c
Two zone through	25c
Children and School	
Middle Zone (c), cash	10c
ticket	5 for 40c
North or West Zone (d), cash	10c
ticket	5 for 40c

(a) Applies to boulevard system only for holders of commutation or multiple ride tickets on three railroads. THIS RATE DISCONTINUED, effective 12:01 A. M., February 1, 1953.

(b) Applies to two routes of boulevard system only.

MODIFIED to apply to five routes of boulevard system with adult non-transfer rides at 10c and with transfer rides, child and school child rides at general fares, effective 12:01 A. M., February 1, 1953.

(c) Middle zone includes all rapid transit train service in the city of Chicago and between Chicago and Oak Park, Forest Park and Cicero, the Douglas Park motor bus extension in Cicero and Berwyn, and the Garfield Park motor bus service east of Des Plaines Avenue, Forest Park.

(d) North zone includes all rapid transit service from Howard Street north, and between Evanston and Wilmette, and the Skokie motor bus extension in Skokie.

West zone includes all rapid transit motor bus service from Des Plaines Avenue west, and between Forest Park, Maywood, Bellwood and Westchester.

For persons paying general fare transfers may be made between surface system and boulevard system without additional charge.

For persons paying 20c cash fare on surface system or boulevard system transfers may be made to rapid transit system without additional charge.

For persons paying 5 for 85c token fare on surface system or boulevard system transfers may be made to rapid transit system on payment of 1c.

For persons paying general fare on rapid transit system, transfers may be made to surface system or boulevard system without additional charge.

Children's fares apply to passengers (1) under 12 years of age; (2) school children 12 years of age or over presenting proper identification card; and (3) children under 7 years of age when not accompanied by an adult fare paying passenger. Children under 7 years of age when accompanied by an adult fare paying passenger are carried free. Eligible passengers, after paying children's fare, may transfer without additional charge.

Operating Statistics

For the Year Ended December 31, 1952

	Surface System	Rapid Transit System	Boulevard System (1)	Combined System
Passenger and Traffic Statistics:				
Revenue Passengers	<u>525,415,421</u>	<u>146,899,814</u>	<u>19,916,807</u>	<u>692,232,042</u>
Revenue Vehicle Miles—				
Cars	35,145,293	43,365,299	—	78,510,592
Trolley Buses	17,445,830	—	—	17,445,830
Motor Buses	54,987,302	—	4,347,432	59,334,734
Total Revenue Vehicle Miles	<u>107,578,425</u>	<u>43,365,299</u>	<u>4,347,432</u>	<u>155,291,156</u>
Revenue per Vehicle Mile (2)	<u>84.76c</u>	<u>51.76c</u>	<u>80.23c</u>	<u>75.42c</u>
Revenue Vehicle Hours—				
Cars	4,045,723	—	—	4,045,723
Trolley Buses	2,187,001	—	—	2,187,001
Motor Buses	6,404,095	—	—	6,404,095
Total Revenue Vehicle Hours	<u>12,636,819</u>	<u>—</u>	<u>—</u>	<u>12,636,819</u>
Power Statistics:				
Direct Current—Kilowatt Hours	295,331,197	198,034,215	—	493,365,412
Average Cost per Kilowatt Hour	—	—	—	1.51c
Fuel Statistics:				
Gasoline—				
Gallons	9,618,018	—	9,412	9,627,430
Average Miles per Gallon	2.96	—	2.69	2.96
Diesel Fuel—				
Gallons	1,652,280	—	1,139,065	2,791,345
Average Miles per Gallon	4.15	—	3.79	4.01
Propane Fuel—				
Gallons	7,869,150	—	—	7,869,150 (3)
Average Miles per Gallon	2.50	—	—	2.50

NOTES: (1) Boulevard System for Period October 1 through December 31, 1952.

(2) Passenger and Chartered Vehicle Revenue.

(3) Includes propane used for servicing new equipment and training bus operators.

Historical Development of Certain Activities

Major Administrative and Financial Highlights

April 12, 1945

Metropolitan Transit Authority Act, enacted by the General Assembly of the State of Illinois, was approved.

June 4, 1945

The Act was adopted by voters of City of Chicago and of Village of Elmwood Park; and the City of Chicago ordinance, dated April 23, 1945, granting a fifty year exclusive franchise to Chicago Transit Authority was approved at referendum election.

June 28, 1945

Chicago Transit Board was organized for the transaction of business.

July 24, 1945

The Governor of the State of Illinois approved "Park Acts" giving the Authority operating rights in Chicago Park District.

September 30, 1947

\$105,000,000 Series of 1947 revenue bonds were sold by the Authority and payment made of \$75,000,000 for Chicago Surface Lines properties and \$12,162,500 for Chicago Rapid Transit Company properties.

October 1, 1947

Possession was taken of the Surface Lines and Rapid Transit properties and operation was begun by Chicago Transit Authority as a unified system.

June 27, 1950

Chicago Transit Board accepted an offer to purchase equipment trust certificates. This marked the beginning of revitalizing the modernization program.

September 30, 1952

\$23,000,000 Series of 1952 revenue bonds were sold by the Authority and net payment of \$16,476,786 made for Chicago Motor Coach Company properties.

October 1, 1952

Operation of Motor Coach properties began as the Boulevard System of Chicago Transit Authority.

Historical Development—2

Basic Fare for Adult Rides Within the City of Chicago

Effective Date	Surface Routes	Rapid Transit
October 1, 1947	10c	12c
May 11, 1948	11c	13c
June 20, 1948	13c	15c
October 15, 1949	15c	17c
August 1, 1951	17c	18c
June 1, 1952	20c or 5/85c	20c or 5/90c
October 1, 1952	*20c or 5/85c	20c or 5/90c

* Fare rate on Surface Routes applied to Boulevard System which was acquired on October 1, 1952.

NOTE : Not shown above are children and school rates, suburban rates or various special fares effective from time to time.

New Equipment Deliveries

Year	P.C.C. Streetcars	Trolley Buses	Motor Buses	Rapid Transit Cars	Cumulative Total
1945 to Sept. 30, 1947	204	—	434	2	640
Oct. 1 to Dec. 31, 1947	98	—	94	—	832
1948	298	210	372	2	1714
1949	—	—	—	—	1714
1950	—	—	31	100	1845
1951	—	190	520	100	2655
1952	—	159	—	—	2814
Total	600	559	1451	204	2814*

* This is exclusive of the boulevard system. Of the 595 units on that System acquired October 1, 1952, there were 481 which had been placed in service after January 1, 1945. This brings total CTA modern units acquired to 3,295.

Surface System

Miles of Single Way Revenue Operation

	Streetcar	Motor Bus	Trolley Bus
January 31, 1945	1023.81	168.73	48.91
December 31, 1947	902.17	456.15	45.65
December 31, 1948	739.18	602.97	89.28
December 31, 1949	668.98	645.79	129.96
December 31, 1950	669.29	652.29	130.17
December 31, 1951	413.69	884.39	195.59
December 31, 1952	357.55	941.53	224.63

Historical Development—3

Wage Rates for Surface System

Bus Operators Who Have Reached Maximum Rate:

Effective Date	Wage Rate Per Hour	Cost of Living Allowance Per Hour	Total Pay Per Hour
**October 1, 1947	\$1.42	—	\$1.42
June 1, 1948	1.53	—	1.53
December 1, 1948	1.55	—	1.55
June 1, 1949	1.60	—	1.60
December 1, 1949	1.65	—	1.65
June 1, 1950	1.70	—	1.70
August 1, 1951	1.77	—	1.77
*October, 1951	—	\$.01	1.78
January 1, 1952	1.80	—	1.80
*January, 1952	—	.04	1.84
*April, 1952	—	.02	1.82
June 1, 1952	1.84	—	1.84
*July, 1952	—	.05	1.89
*October, 1952	—	.07	1.91
*January, 1953	—	.06	1.90

* Rate previously placed in effect by predecessor company.

Effective beginning with first pay period in month.

NOTE: Rates for other types of work vary from the above, but are similar in general trend.

Number of C.T.A. Employees:

December 31, 1947	22,407
December 31, 1948	21,886
December 31, 1949	20,873
December 31, 1950	19,597
December 31, 1951	17,867
December 31, 1952	17,509*

Including boulevard system on which there were 1,272 employees at December 31, 1952.

Historical Development—4

Principal Operational Changes on Rapid Transit System

Date of Change

May 27, 1948	Bus service substituted for Skokie Shuttle trains.
April 4, 1948	All express operation on Lake Street Branch.
August 1, 1949	All express operation on North-South Divisions.
February 25, 1951	Milwaukee Avenue subway operation began and Northwest Branch service discontinued.
December 9, 1951	Rush hour all express operation on Garfield Park Branch.
December 9, 1951	Bus service substituted for Westchester trains.
December 9, 1951	All express operation on Douglas Park Branch.
February 3, 1952	Bus service substituted for train operation on Douglas Park Branch west of 54th Avenue.
May 5, 1952	Bus service substituted for train operation on Humboldt Park Branch.
October 12, 1952	Reassignment of rapid transit cars to secure maximum use of new equipment.



Historical Development—3

Wage Rates for Surface System

Bus Operators Who Have Reached Maximum Rate:

Effective Date	Wage Rate Per Hour	Cost of Living Allowance Per Hour	Total Pay Per Hour
**October 1, 1947	\$1.42	—	\$1.42
June 1, 1948	1.53	—	1.53
December 1, 1948	1.55	—	1.55
June 1, 1949	1.60	—	1.60
December 1, 1949	1.65	—	1.65
June 1, 1950	1.70	—	1.70
August 1, 1951	1.77	—	1.77
*October, 1951	—	\$.01	1.78
January 1, 1952	1.80	—	1.80
*January, 1952	—	.04	1.84
*April, 1952	—	.02	1.82
June 1, 1952	1.84	—	1.84
*July, 1952	—	.05	1.89
*October, 1952	—	.07	1.91
*January, 1953	—	.06	1.90

Rate previously placed in effect by predecessor company.

Effective beginning with first pay period in month.

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December 31, 1952	17,509*

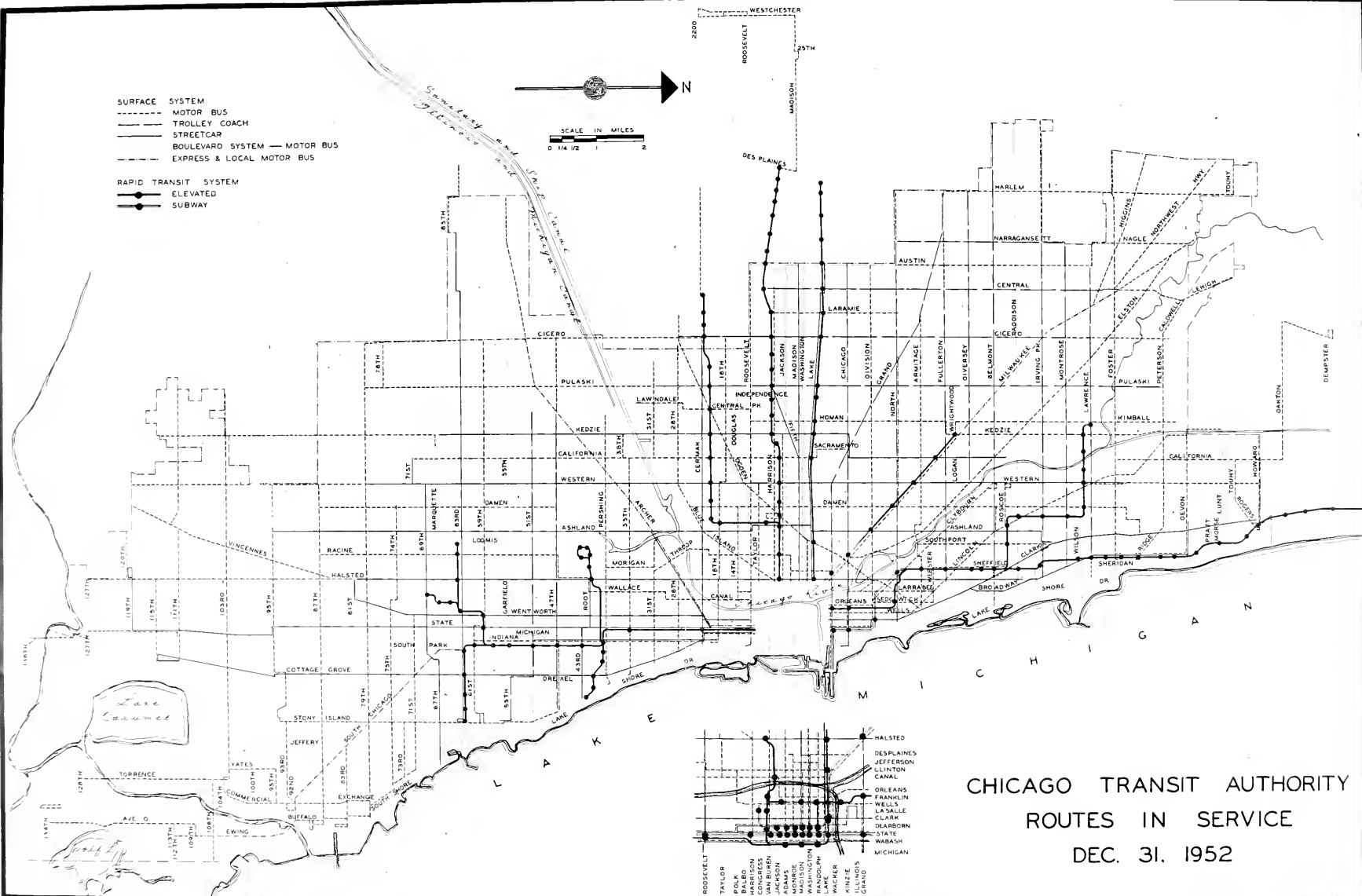
Including boulevard system on which there were 1,272 employees at December 31, 1952.

SURFACE SYSTEM
 - - - - - MOTOR BUS
 - - - - - TROLLEY COACH
 - - - - - STREETCAR
 - - - - - BOULEVARD SYSTEM — MOTOR BUS
 - - - - - EXPRESS & LOCAL MOTOR BUS

RAPID TRANSIT SYSTEM
 ● — ELEVATED
 — SUBWAY



SCALE IN MILES
 0 1/4 1/2 1 2



CHICAGO TRANSIT AUTHORITY
 ROUTES IN SERVICE
 DEC. 31, 1952

SEE INSIDE PAGES
FOR MAP OF ROUTES
IN SERVICE

NOT RECORDED - 1934

